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**Statistical Commission**
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Item 3 (h) of the provisional agenda*
**Items for discussion and decision: International Comparison Programme**

# Report of the World Bank on the International Comparison Programme

## Note by the Secretary-General

In accordance with a request of the Statistical Commission at its forty-first session, the Secretary-General has the honour to transmit the report prepared by the World Bank on behalf of the Executive Board of the International Comparison Programme, describing the status of preparations for the 2011 round of the Programme. The current round has more participating countries than the 2005 round (192 as compared with 146), is largely in a sound position financially and has reached the preparation stage at the global, regional and country levels, on the basis of which its Executive Board has approved the start of the price surveys and the required national accounts activities in January 2011. While all major technical and methodological issues have been resolved, the report also outlines the outstanding issues in respect of participation arrangements for a small number of countries, finalization of data archiving and access policies, and the need for further review of some technical issues related to special surveys planned for the second half of 2011. The major risk identified at this stage of the programme is the reality that quite a few countries may struggle to complete pricing and supplying the detailed national accounts data being sought. The Commission may wish to review the promising progress with preparations for the 2011 round and to express its views on country participation issues as well as on the workplan and the time frame.

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# Report of the World Bank on the International Comparison Programme

## I. Introduction

1. The present progress report provides comprehensive information on all preparatory activities undertaken in 2010 for the current International Comparison Programme (ICP) round, with specific emphasis on activities related to the start of fieldwork in January 2011.

2. At the global level, the ICP Global Office at the World Bank pursued its fund-raising efforts, and coordinated regional activities and methodological development activities through the preparations for the meetings of the regional coordinators and the technical advisory group, as well as the preparation of operational material needed for the implementation of price surveys and the compilation of detailed gross domestic product (GDP) expenditures.

3. At the regional level, the regional coordinators contributed to the finalization of the global core list of household product specifications and developed their own regional list of items. They also took the necessary steps for the creation of regional advisory boards and conducted several technical workshops.

4. Apart from some specific cases, the countries, the regional coordinating agencies and the Global Office are ready to start the surveys in early 2011. The report comprises five main sections related to: governance and financial status; progress in the preparatory activities; status of the regional programmes; readiness for 2011 data collection and workplan; and data requirements and access.

## II. Governance and financial status

### A. International Comparison Programme Executive Board Chairmanship and meetings

5. The Executive Board held two meetings in 2010, on 21 February, in New York, and on 18 October, in Washington, D.C. Its first meeting had been held in 2009. In October 2010, Oystein Olsen, Chief Statistician of Norway, was appointed as Governor of the Central Bank of Norway. As a result he stepped down from his role of ICP Executive Board Chair. The Executive Board members unanimously praised Mr. Olsen for the excellent work he had carried out as Chair and selected Mr. Enrico Giovanni, Chief Statistician of Italy, to succeed him.

### B. International Comparison Programme technical advisory group activities

6. The technical advisory group held three meetings in 2010, following their first meeting in 2009. As Erwin Diewert had stepped down from the chairmanship of the TAG, at its last meeting, in October 2010, the Executive Board appointed Paul McCarthy as the new TAG Chair and renewed Fred Vogel's mandate.

7. The technical advisory group's work programme includes methodological aspects aimed at improving the field operations and desk work to be carried out by countries, regional offices and the Global Office. In accordance with the recommendations made by the various governance bodies following the findings of the Friends of the Chair based on the 2005 round of ICP, the improvements introduced are deemed to increase the accuracy of the purchasing power parities. To increase the relevance of the group's activities, its work programme as adopted in June 2010 comprises three categories of topics: essential and operational; essential but non-operational; and non-essential topics. Activities under the first category are considered to be of high priority as the resulting methodological improvement will feed into the field and desk activities to be carried out in 2010 and 2011. Three of these activities were completed during the group's June meeting, including elements related to owner-occupied housing; the measurement of government outputs; and survey frameworks. Three others are being completed, as was recommended by the group's meeting in October; they relate to construction and civil engineering; machinery and equipment; and education services. The second category of topics concerns methodological development linked to the processes of: (a) linking regional purchasing power parity to global results by using the global core list approach; and (b) back-casting and purchasing power parity revisions. These methods have not yet been finalized. The third category of topics includes research on applications and by-products of the ICP, such as subnational purchasing power parity methods.

## C. Regional coordinators' meetings

8. The ICP regional coordinators and representatives of the Statistical Office of the European Communities (Eurostat)-Organization for Economic Cooperation and Development (OECD) purchasing power parity programme met twice in 2010 to review the proposed implementation tools and methodologies and take stock of the progress made in the preparation for the field activities.

## D. Country participation and related issues

9. The total of 192 countries or economies participating in the current round of the programme includes: 52 from Africa; 23 economies in Asia and the Pacific; 15 Pacific island countries and territories; 9 countries in the Commonwealth of Independent States (CIS) (including the Russian Federation which also participates in the Eurostat-OECD programme); 32 in Latin America and the Caribbean (including Argentina, but excluding Chile and Mexico which will participate in the regional programme as observers); 47 in the Eurostat-OECD programme; and 14 in Western Asia (including Egypt and the Sudan, which also participate in the Africa programme); as well as Georgia, Iran (Islamic Republic of) and Turkmenistan.

10. Special participation issues are worth underlining for some countries, falling under three categories: (a) those not belonging to any of the regional coordinating agencies or whose regional coordination is not yet confirmed (herein referred to as singleton countries); (b) those expected to collect prices mainly in 2012; and (c) those with dual participation.

## 1. Singleton countries: Argentina; Georgia; Iran (Islamic Republic of); Turkmenistan

11. Argentina's participation in the Latin America and the Caribbean region has not yet been confirmed. Georgia, which is no longer a member of CIS, is participating in the programme under special arrangements for which the necessary funding was secured. It will be linked to the global comparison through a bilateral comparison between Georgia and a country within CIS, Armenia.

12. A special arrangement is being sought for the Islamic Republic of Iran, which is not a member of the Asian Development Bank, through a bilateral comparison with Tajikistan or another country, similar to the Georgia-Armenia exercise.

13. The State Committee of Turkmenistan on Statistics expressed their intention to participate in the 2011 round of ICP under the frameworks of either the Eurostat-OECD purchasing power parity programme or the Asia-Pacific regional programme. As their request is unlikely to be accommodated by OECD, Eurostat and the Asian Development Bank, Turkmenistan may consider participating in the CIS programme.

## 2. Countries that will collect prices in 2012: Caribbean and Pacific islands

14. The ICP programme in the Caribbean is being coordinated by the Economic Commission for Latin America and the Caribbean (ECLAC), in collaboration with the Caribbean Community (CARICOM). Given the overlap between ICP surveys and census activities, the Caribbean countries have agreed to undertake ICP price data collection in the two-year period covering 2011-2012. Technical assistance in the areas of price data and national accounts is being provided by ECLAC, CARICOM, the Caribbean Regional Technical Assistance Centre and the Global Office.

15. While Fiji will participate in the Asia and Pacific regional programme, the situation of 21 other Pacific island countries, territories or economies is being evaluated by the Australian Bureau of Statistics in terms of which ones will definitely participate, and the potential capacity-building benefits, as well as the modus operandi that will best befit the economic and geographical situation and capacity of the countries. The likely working assumption is that the countries will commence price collection in early 2012 for a list of products that will be derived from the global core list and a Pacific core list of items.

## 3. Dual participation: Egypt and the Sudan

16. Egypt and the Sudan participate in two regions, under the coordination of the African Development Bank and the Economic and Social Commission for Western Asia, respectively. The two regional coordinating agencies, the Global Office and the countries concerned agreed on coordination and technical mechanisms aimed at avoiding the duplication of price survey and national accounts work.

### E. Financial status and fund-raising activities

17. The global budget for the 2011 round of ICP is estimated at between $14.5 million and $16 million, while the total budget for the programme, including the regional budgets, is expected to amount to between $37 million and $40 million. The funds are sourced mainly from the World Bank regular budget, with the balance being contributed by the trust funds for the 2005 round of ICP, which included a contribution from the Islamic Development Bank, and from the pledges to the multi-donor 2011 ICP trust fund. The World Bank will contribute about 46 per cent of the budget from its regular budget and existing trust funds. Pledges to the multi-donor 2011 ICP trust fund amount to about 54 per cent of the total, and the donors to the trust fund, to date, include the International Monetary Fund (IMF), the Department for International Development of the Government of the United Kingdom of Great Britain and Ireland, and Norway. Other donors, including Australia, were also approached.

18. The contributions from the regional agencies' budgets, grants from the World Bank, trust funds housed and managed by regional agencies and contributions from the participating countries are the main sources of funding for regional programmes. However, the budget gap between the expected cost and the existing sources of funding remains large, and fund-raising efforts are under way at all levels.

## III. Progress in preparatory activities

19. Field and desk activities to be carried out throughout 2011, and in 2012 for some countries, include the main price surveys related to household consumption items, specific surveys related to housing, government and gross fixed capital formation and preliminary work on the disaggregation of GDP expenditures into detailed basic headings. Countries are requested to undertake data collection for household consumption items in 2011.

20. As far as national accounts are concerned, countries were recommended to start the preparations in 2010, as described in the guidelines developed by the Global Office. They will identify the necessary data sources, compile expenditure data for GDP and its main aggregates, and draft a comprehensive metadata report on this process, where problems will be highlighted along with appropriate solutions.

21. In view of the above, the following operational material was developed: the global core list; survey framework guidelines and forms; operational material for specific surveys; guidelines for the disaggregation of GDP expenditures; and software tools.

### A. The global core list

22. The global core list of 601 items to be priced for the main survey on household consumption was developed through a participatory and iterative process, making it a truly global list in that it reflects comments and proposals provided by the regional and national coordinators from all the regions as well as from OECD and Eurostat. The list was also endorsed by the technical advisory group in Paris.

23. The recommendation for the countries in pricing the global core list is to price only items that are relatively easily available and deemed important. In this way, although the entire global core list contains 601 items, the extra load per country is expected to be as low as 100-300 items. More importantly, when the list and the regional items are properly amalgamated, this strengthens the intraregional links. Regional purchasing power parities based on both the global core list and regional lists will be used in computing global purchasing power parity, and regional fixity will be imposed on the globally computed purchasing power parity.

24. The global core list is available in four languages (Arabic, English, French and Spanish), in both Excel and Word formats. To help the countries identify the various products, three bilingual catalogues (English-Arabic; English-French; English-Spanish) are available, in which each item is illustrated with a colour picture.

## B. Survey framework and forms

25. The survey framework guidelines were developed and approved by the technical advisory group. They include specific instructions on the use of structural product descriptions, the classification of products by importance, the number of products to be priced, the number of price observations and the sampling and classification of outlets. Survey forms to be used for price data collection were prepared accordingly. Forms and guidelines were also prepared for conducting housing rental surveys, collecting volume indicators related to dwellings, and compiling the data on the compensation of employees.

## C. Guidelines for disaggregating gross domestic product expenditure data

26. For the 2011 round of ICP, a much larger role is envisaged for national accounts experts in participating countries than was the case in the 2005 round. A 14-step set of guidelines was developed, and five reporting forms are recommended that will support the relevant activities. Countries are expected to provide GDP estimates and detailed expenditures at basic-heading level for the latest available year (between 2006 and 2009) as well as for the reference year 2011. They will also furnish the relevant metadata, including in terms of sources of data, adjustments made and underlying assumptions. This will include a review of the price formation for some major goods and services and commodity flows for selected categories of goods and services.

## D. International Comparison Programme kit

27. Building on lessons learned from the 2005 round of ICP, the Global Office is developing the ICP software for 2011 (also known as ICP kit) as a comprehensive set of physically independent but logically integrated software modules to coordinate data collection and data processing during the 2011 round. The list of modules comprises: country modules for household consumption, the compensation of Government employees and national accounts, as well as a regional module.

28. These first four modules, available in Arabic, English, French and Spanish, are ready for dissemination. The regional module will handle set-up, inter-country

validation including diagnostics and index processing for all price survey data. The country modules for household consumption items and the compensation of Government employees will cover set-up, implementation, price averaging and the intracountry validation of prices. The national accounts module will both help process the disaggregation of GDP expenditures and validate them across the countries. These modules will be ready for use before ICP operations start in early 2011.

## IV. Status of the regional programmes

29. Each regional coordinating agency organized several technical workshops or governance meetings in 2010.

### A. Africa

30. Three regional workshops were organized in 2010 to review the methodologies, finalize the regional list, undertake the initial activities related to GDP breakdown, prepare for other price data collection-related activities and learn the functionalities of the ICP software. A meeting of the heads of national statistics offices was held, as was another for the regional advisory board.

### B. Asia and the Pacific

31. Two meetings of the regional advisory board and three regional workshops were organized, since February 2010, to formalize the implementation of the regional programme, finalize the regional work programme, agree on the institutional arrangements, the data requirements and the proposed methods, develop the product list and the survey frame and review and evaluate the preliminary supply and use tables.

### C. Commonwealth of Independent States

32. A meeting of the Council of the Heads of Statistical Services of CIS was held in Minsk, on 23 August 2010, to discuss progress in the implementation of the regional programme. It was followed by a technical seminar, held on 23 and 24 August, to discuss methodological and organizational aspects, with a specific emphasis on price collection and purchasing power parity computation. Two other workshops, held in Moscow, in November 2010, focused on the product list and the compilation and disaggregation of GDP.

### D. Latin America and the Caribbean

33. As part of a statistical capacity-building project for Latin and Central America, three workshops were organized in 2010 with the main objectives of building the regional list of products, reviewing the price survey methods and discussing national accounts requirements for the ICP. A high-level meeting was also organized in Barbados to launch the 2011 round in the Caribbean region.

### E. Western Asia

34. Following the launch of the programme at a high-level meeting organized in Beirut, in July 2010, two technical workshops were attended by country representatives who reviewed the methodological developments of the new round, the arrangements at the national level, the survey framework, the national accounts requirements and the list of products. A training on the ICP software was also organized.

### F. Eurostat-Organization for Economic Cooperation and Development

35. Price collection for the ICP global core list of products for household goods and services started even before the finalization of the list. This includes the survey on house and garden products conducted in the second quarter of 2010 and another 2010 survey on transportation, restaurants and hotels. Other surveys are running their normal course. Eurostat published the revised 2007, 2008 and 2009 purchasing power parities in December 2010, following the regular production calendar, as did OECD, for the 2008 benchmark.

## V. Readiness for 2011 data collection and workplan

### A. Readiness for 2011 activities

36. At its third meeting, held on 18 October 2010, the Executive Board agreed to start the 2011 round of ICP activities in the countries in January 2011. The decision was based on the information provided by the Global Office and regional coordinating agencies on the readiness for the 2011 round.

37. The regional reports covered the following areas: (a) coordination, country participation and funding aspects; (b) a summary of the main regional activities, including the meetings on the launch/inception of the regional programmes and an indication of programmed activities for 2010-2011; (c) the status of the development of the consolidated regional product list and a description of the underlying participatory approach; (d) the status of preparations for national accounts work related to GDP breakdown; (e) the preparation and/or customization of operational materials needed by the countries; and (f) a conclusive review of country readiness for 2011. Africa and Asia also reported on their interim ICP activities of updating 2005 purchasing power parities to 2009, thus providing additional evidence of their preparedness for 2011.

### B. Capacity-building activities and assistance to the regions

38. To support the effective work of the regional coordinating agencies, the Global Office helped facilitate several regional workshops and provided assistance in: (a) building the regional lists of items; (b) incorporating the global core list into the regional lists; (c) developing the matrix of availability and importance; (d) national accounts preparatory activities; and (e) translation of operational materials into regional languages. The Global Office also financed exploratory missions to

Caribbean countries to examine the preparedness of those countries for conducting ICP activities.

### C. Outreach activities

39. To promote the use of ICP data and methodologies, the Global Office upgraded the ICP website. The new website better reflects the structure and organizational chart of the 2011 round of ICP and includes all the working documents of ICP meetings, as well as the operational material needed to implement the 2011 round. A new ICP brochure was also created and translated into various languages. More importantly, the Global Office hosted an ICP Users' Conference on 19 October 2010, in Washington, D.C., which brought together the ICP data users and producers to discuss new or underutilized applications of ICP data and methodologies.

### D. Overall time frame

40. The time frame for the 2011 round of the International Comparison Programme covers the period from 2009 to 2013 and is comprised of four main stages. The first stage includes administrative and institutional arrangements. While fund-raising and advocacy efforts will run across the programme's lifespan, the other activities in the first stage were completed around March 2010. The second stage, which started in April 2009 and was completed in December 2010, relates to methodological preparations for the activities to be undertaken in the 2011 components of the programme. The third stage entails undertaking national accounts activities (from the end of the second quarter of 2010 to the end of the third quarter of 2013) and conducting price surveys. The main price survey on household goods and services will be conducted in all countries throughout 2011, except for the Caribbean and Pacific islands, which will collect prices in 2012. Other price surveys (education, health, compensation of Government employees, equipment and construction) will be carried out concomitantly with the compilation of relevant expenditures data, from early 2011 to end of 2012.

41. The fourth stage includes the preparation of preliminary and final reports by regional coordinating offices and the Global Office. It is expected that the final global results will be obtained in December 2013, with the electronic and physical reports being released a few months later.

## VI. Data requirements and access

### A. Data and metadata requirements

42. The workplan is designed with the objective of ensuring that all regional coordinating agencies will provide the required average price data, the GDP expenditures and all related metadata in a timely fashion.

43. According to the quality requirements approved by the Executive Board, with regard to data submission under the 2011 memorandum of understanding, the regional coordinators are periodically required, during the data-collection period, to submit to the Global Office preliminary national average prices for the regional

items, including the global core items, related statistics, detailed GDP expenditure breakdowns and information describing the national price survey frameworks, validation and averaging processes, as well as national accounts methodology and metadata for comparisons across regions to ensure consistent and comparable methods are being used for the compilation and validation of national accounts statistics related to ICP, as well as for price data collection, validation and analysis. Similarly, the regional coordinators are required to submit final national annual average prices for the regional items, including the global core items, and national accounts data related to ICP, as well as relevant methodological, metadata and consistency reports to the Global Office, within the agreed timetable.

44. In addition to the above, regional coordinators must provide a set of validation indicators required for assessing data quality. This includes: (a) Quaranta and Dikhanov tables for annual average prices; (b) validation tables for national accounts expenditure data; (c) validation tables on the aggregation process; and (d) metadata on price surveys, including survey frame, periodicity and coverage.

45. It is worth underlining that, as far as other GDP components are concerned, all the ICP regions will use the same lists of items for government services, health, education, machinery and equipment, as well as construction and civil engineering. All relevant detailed prices will be submitted by the countries, through their respective regional coordinating agencies, for validation and processing by the Global Office. In principle, these are the only prices used to compute regional and global purchasing power parities. This ensures consistency between the regional and global levels of purchasing power parity computation.

### B. Data access policy

46. Given the proposed new direction of the 2011 round, in terms of responding to users' needs by providing wider access to detailed data and increasing the focus on metadata, and given the new innovations of the round which will result in valuable price and national accounts information, there needs to be agreement on data access and archiving, in order to guide practice in these areas.

47. Following the Executive Board recommendation on this issue, the Global Office consulted with regional coordinators, countries, a number of international experts and users to seek their views on access to ICP data. In light of the responses received, a draft policy was prepared and submitted to the Executive Board in October 2010. The Executive Board agreed with the new direction of openness but requested some aspects of the policy to be revised for further review by the Executive Board.

## VII. Points for discussion

48. **The Commission is requested to review and comment on:**

(a) **The progress of preparations for the field and desk activities;**

(b) **Special issues related to country participation.**

49. **The Commission is also requested to provide further guidance on the overall time frame.**

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3. At the regional level, the regional coordinators contributed to the finalization of the global core list of household product specifications and developed their own regional list of items. They also took the necessary steps for the creation of regional advisory boards and conducted several technical workshops.

4. Apart from some specific cases, the countries, the regional coordinating agencies and the Global Office are ready to start the surveys in early 2011. The report comprises five main sections related to: governance and financial status; progress in the preparatory activities; status of the regional programmes; readiness for 2011 data collection and workplan; and data requirements and access.

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## 1. Singleton countries: Argentina; Georgia; Iran (Islamic Republic of); Turkmenistan

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24. The global core list is available in four languages (Arabic, English, French and Spanish), in both Excel and Word formats. To help the countries identify the various products, three bilingual catalogues (English-Arabic; English-French; English-Spanish) are available, in which each item is illustrated with a colour picture.

## B. Survey framework and forms

25. The survey framework guidelines were developed and approved by the technical advisory group. They include specific instructions on the use of structural product descriptions, the classification of products by importance, the number of products to be priced, the number of price observations and the sampling and classification of outlets. Survey forms to be used for price data collection were prepared accordingly. Forms and guidelines were also prepared for conducting housing rental surveys, collecting volume indicators related to dwellings, and compiling the data on the compensation of employees.

## C. Guidelines for disaggregating gross domestic product expenditure data

26. For the 2011 round of ICP, a much larger role is envisaged for national accounts experts in participating countries than was the case in the 2005 round. A 14-step set of guidelines was developed, and five reporting forms are recommended that will support the relevant activities. Countries are expected to provide GDP estimates and detailed expenditures at basic-heading level for the latest available year (between 2006 and 2009) as well as for the reference year 2011. They will also furnish the relevant metadata, including in terms of sources of data, adjustments made and underlying assumptions. This will include a review of the price formation for some major goods and services and commodity flows for selected categories of goods and services.

## D. International Comparison Programme kit

27. Building on lessons learned from the 2005 round of ICP, the Global Office is developing the ICP software for 2011 (also known as ICP kit) as a comprehensive set of physically independent but logically integrated software modules to coordinate data collection and data processing during the 2011 round. The list of modules comprises: country modules for household consumption, the compensation of Government employees and national accounts, as well as a regional module.

28. These first four modules, available in Arabic, English, French and Spanish, are ready for dissemination. The regional module will handle set-up, inter-country

validation including diagnostics and index processing for all price survey data. The country modules for household consumption items and the compensation of Government employees will cover set-up, implementation, price averaging and the intracountry validation of prices. The national accounts module will both help process the disaggregation of GDP expenditures and validate them across the countries. These modules will be ready for use before ICP operations start in early 2011.

## IV. Status of the regional programmes

29. Each regional coordinating agency organized several technical workshops or governance meetings in 2010.

### A. Africa

30. Three regional workshops were organized in 2010 to review the methodologies, finalize the regional list, undertake the initial activities related to GDP breakdown, prepare for other price data collection-related activities and learn the functionalities of the ICP software. A meeting of the heads of national statistics offices was held, as was another for the regional advisory board.

### B. Asia and the Pacific

31. Two meetings of the regional advisory board and three regional workshops were organized, since February 2010, to formalize the implementation of the regional programme, finalize the regional work programme, agree on the institutional arrangements, the data requirements and the proposed methods, develop the product list and the survey frame and review and evaluate the preliminary supply and use tables.

### C. Commonwealth of Independent States

32. A meeting of the Council of the Heads of Statistical Services of CIS was held in Minsk, on 23 August 2010, to discuss progress in the implementation of the regional programme. It was followed by a technical seminar, held on 23 and 24 August, to discuss methodological and organizational aspects, with a specific emphasis on price collection and purchasing power parity computation. Two other workshops, held in Moscow, in November 2010, focused on the product list and the compilation and disaggregation of GDP.

### D. Latin America and the Caribbean

33. As part of a statistical capacity-building project for Latin and Central America, three workshops were organized in 2010 with the main objectives of building the regional list of products, reviewing the price survey methods and discussing national accounts requirements for the ICP. A high-level meeting was also organized in Barbados to launch the 2011 round in the Caribbean region.

### E. Western Asia

34. Following the launch of the programme at a high-level meeting organized in Beirut, in July 2010, two technical workshops were attended by country representatives who reviewed the methodological developments of the new round, the arrangements at the national level, the survey framework, the national accounts requirements and the list of products. A training on the ICP software was also organized.

### F. Eurostat-Organization for Economic Cooperation and Development

35. Price collection for the ICP global core list of products for household goods and services started even before the finalization of the list. This includes the survey on house and garden products conducted in the second quarter of 2010 and another 2010 survey on transportation, restaurants and hotels. Other surveys are running their normal course. Eurostat published the revised 2007, 2008 and 2009 purchasing power parities in December 2010, following the regular production calendar, as did OECD, for the 2008 benchmark.

## V. Readiness for 2011 data collection and workplan

### A. Readiness for 2011 activities

36. At its third meeting, held on 18 October 2010, the Executive Board agreed to start the 2011 round of ICP activities in the countries in January 2011. The decision was based on the information provided by the Global Office and regional coordinating agencies on the readiness for the 2011 round.

37. The regional reports covered the following areas: (a) coordination, country participation and funding aspects; (b) a summary of the main regional activities, including the meetings on the launch/inception of the regional programmes and an indication of programmed activities for 2010-2011; (c) the status of the development of the consolidated regional product list and a description of the underlying participatory approach; (d) the status of preparations for national accounts work related to GDP breakdown; (e) the preparation and/or customization of operational materials needed by the countries; and (f) a conclusive review of country readiness for 2011. Africa and Asia also reported on their interim ICP activities of updating 2005 purchasing power parities to 2009, thus providing additional evidence of their preparedness for 2011.

### B. Capacity-building activities and assistance to the regions

38. To support the effective work of the regional coordinating agencies, the Global Office helped facilitate several regional workshops and provided assistance in: (a) building the regional lists of items; (b) incorporating the global core list into the regional lists; (c) developing the matrix of availability and importance; (d) national accounts preparatory activities; and (e) translation of operational materials into regional languages. The Global Office also financed exploratory missions to

Caribbean countries to examine the preparedness of those countries for conducting ICP activities.

### C. Outreach activities

39. To promote the use of ICP data and methodologies, the Global Office upgraded the ICP website. The new website better reflects the structure and organizational chart of the 2011 round of ICP and includes all the working documents of ICP meetings, as well as the operational material needed to implement the 2011 round. A new ICP brochure was also created and translated into various languages. More importantly, the Global Office hosted an ICP Users' Conference on 19 October 2010, in Washington, D.C., which brought together the ICP data users and producers to discuss new or underutilized applications of ICP data and methodologies.

### D. Overall time frame

40. The time frame for the 2011 round of the International Comparison Programme covers the period from 2009 to 2013 and is comprised of four main stages. The first stage includes administrative and institutional arrangements. While fund-raising and advocacy efforts will run across the programme's lifespan, the other activities in the first stage were completed around March 2010. The second stage, which started in April 2009 and was completed in December 2010, relates to methodological preparations for the activities to be undertaken in the 2011 components of the programme. The third stage entails undertaking national accounts activities (from the end of the second quarter of 2010 to the end of the third quarter of 2013) and conducting price surveys. The main price survey on household goods and services will be conducted in all countries throughout 2011, except for the Caribbean and Pacific islands, which will collect prices in 2012. Other price surveys (education, health, compensation of Government employees, equipment and construction) will be carried out concomitantly with the compilation of relevant expenditures data, from early 2011 to end of 2012.

41. The fourth stage includes the preparation of preliminary and final reports by regional coordinating offices and the Global Office. It is expected that the final global results will be obtained in December 2013, with the electronic and physical reports being released a few months later.

## VI. Data requirements and access

### A. Data and metadata requirements

42. The workplan is designed with the objective of ensuring that all regional coordinating agencies will provide the required average price data, the GDP expenditures and all related metadata in a timely fashion.

43. According to the quality requirements approved by the Executive Board, with regard to data submission under the 2011 memorandum of understanding, the regional coordinators are periodically required, during the data-collection period, to submit to the Global Office preliminary national average prices for the regional

items, including the global core items, related statistics, detailed GDP expenditure breakdowns and information describing the national price survey frameworks, validation and averaging processes, as well as national accounts methodology and metadata for comparisons across regions to ensure consistent and comparable methods are being used for the compilation and validation of national accounts statistics related to ICP, as well as for price data collection, validation and analysis. Similarly, the regional coordinators are required to submit final national annual average prices for the regional items, including the global core items, and national accounts data related to ICP, as well as relevant methodological, metadata and consistency reports to the Global Office, within the agreed timetable.

44. In addition to the above, regional coordinators must provide a set of validation indicators required for assessing data quality. This includes: (a) Quaranta and Dikhanov tables for annual average prices; (b) validation tables for national accounts expenditure data; (c) validation tables on the aggregation process; and (d) metadata on price surveys, including survey frame, periodicity and coverage.

45. It is worth underlining that, as far as other GDP components are concerned, all the ICP regions will use the same lists of items for government services, health, education, machinery and equipment, as well as construction and civil engineering. All relevant detailed prices will be submitted by the countries, through their respective regional coordinating agencies, for validation and processing by the Global Office. In principle, these are the only prices used to compute regional and global purchasing power parities. This ensures consistency between the regional and global levels of purchasing power parity computation.

### B. Data access policy

46. Given the proposed new direction of the 2011 round, in terms of responding to users' needs by providing wider access to detailed data and increasing the focus on metadata, and given the new innovations of the round which will result in valuable price and national accounts information, there needs to be agreement on data access and archiving, in order to guide practice in these areas.

47. Following the Executive Board recommendation on this issue, the Global Office consulted with regional coordinators, countries, a number of international experts and users to seek their views on access to ICP data. In light of the responses received, a draft policy was prepared and submitted to the Executive Board in October 2010. The Executive Board agreed with the new direction of openness but requested some aspects of the policy to be revised for further review by the Executive Board.

## VII. Points for discussion

48. **The Commission is requested to review and comment on:**

(a) **The progress of preparations for the field and desk activities;**

(b) **Special issues related to country participation.**

49. **The Commission is also requested to provide further guidance on the overall time frame.**

United Nations E/CN.3/2011/13

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**Items for discussion and decision: development indicators**

## Indicators for monitoring the Millennium Development Goals

### Report of the Secretary-General

*Summary*

The present report was prepared at the request of the Statistical Commission at its forty-first session (see E/2010/24, chap. I.A). As mandated by the Commission, the Inter-agency and Expert Group on Millennium Development Goals Indicators and the United Nations Statistics Division conducted intensive work to improve methods for the monitoring of progress towards the Millennium Development Goals; resolve differences between national and international data sets; identify ways to increase capacity-building efforts for the monitoring of Millennium Development Goals; and define strategies to assist countries in improving coordination of data reporting and monitoring of Millennium Development Goals. The report further presents an assessment of data availability to monitor progress towards the Millennium Development Goals and describes the preparation of the yearly progress reports on progress towards achievement of the Goals. The Commission is invited to comment on progress made by the Inter-agency and Expert Group on Millennium Development Goals Indicators and its future direction of work.

Points for discussion by the Commission are contained in paragraph 30.

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# I. Introduction

1. The present report outlines the progress made to address the concerns raised by the Statistical Commission in relation to the production of Millennium Development Goal indicators and the ability of countries to undertake their own national monitoring. It also presents the annual assessment of data availability in the Millennium Development Goal indicators database and describes the activities of the Inter-agency and Expert Group and the United Nations Statistics Division to prepare the 2010 progress reports and related outputs on Millennium Development Goals to inform the public and policymakers on progress towards the Goals.

2. The work by the Inter-agency and Expert Group on Millennium Development Goal indicators and the United Nations Statistics Division in its role as coordinator of the group has continued to be guided by the Economic and Social Council resolution 2006/6 on strengthening statistical capacity, including: (a) improving data availability and quality for the monitoring of the Millennium Development Goals; (b) promoting and facilitating the use of Statistical Data and Metadata Exchange (SDMX) for Millennium Development Goals indicators as an important tool for improving coordination and reporting on the Goals; (c) resolving discrepancies between national and international sources and promoting countries' full ownership of monitoring data.

3. Activities were also undertaken by the United Nations Statistics Division to address the requests by the Statistical Commission in its decision 41/112,[1] to conduct more training initiatives on Millennium Development Goals monitoring, including at the subnational level, and collaborate closely with the United Nations regional commissions and other regional institutions to strengthen countries' statistical capacity and address data discrepancies; and establish an inventory of studies on discrepancies between national and international data.

# II. Improving data quality for Millennium Development Goal indicators

4. A key concern of the Statistical Commission has been the degree to which Millennium Development Goal indicators are produced, based on United Nations agency estimates rather than from actual national statistics. The Council's resolution on statistical capacity-building also called on all international agencies "to improve the coverage, transparency and reporting on all indicators", including through "avoiding imputation unless specific country data are available for reliable imputations, following consultations with concerned countries and through transparent methodologies" (para. 5 (c)).

5. The Inter-agency and Expert Group on Millennium Development Goal indicators continues to address these concerns through improving the dialogue between representatives of national statistical systems and international agencies and focusing on improving coordination within national statistical systems and their reporting mechanisms to the international agencies.

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[1] See *Official Records of the Economic and Social Council, 2010, Supplement No. 4* (E/2010/24), chap. I.B.

6. At the next meeting of the Inter-agency and Expert Group, to be held in Geneva from 30 November to 2 December 2010, international partners and representatives of national statistical systems will review the work done for the improvement of data and reporting systems for Millennium Development Goals, discuss strategies to improve the monitoring at the subnational level and methods for the assessment of country progress, and set priorities for statistical capacity-building for Millennium Development Goals.

7. In order to improve transparency in the data sources and methods used for Millennium Development Goal monitoring, in 2006, the United Nations Statistics Division introduced a colour-coding system for the Millennium Development Goal database to indicate the nature of the data. Also, detailed metadata are included in the database to fully explain the methodology for the compilation of the international data sets. The colour coding and metadata are also meant to help users, especially national statisticians, reconcile national sources with the data available in the international database. For each data point of the data series presented in the database (for every country and every year considered), the responsible agency provides the explanation of how the figures are obtained, in relation to the level of adjustment of the original country data the agency performs to obtain the desired level of international comparability or to resolve data quality issues.

8. Since 2006, the metadata contained in the Millennium Development Goal indicators database have been regularly expanded and updated to reflect suggestions from countries and provide a comprehensive description of data sources, definitions and methodologies used by agencies to compile the international data sources.

9. The Division also executes a multi-year project to improve the collation, availability and dissemination of data for monitoring of the Millennium Development Goal indicators, especially at the national level. Building on progress made during its pilot phase (2008/09), the project has started is main phase in 2010 with kick-off events in Asia and Africa. The project will produce Millennium Development Goal data portals at national level, bringing together the necessary data from the various responsible national institutes. The project has launched a data dissemination prototype, MDGLabs (http://unstats.un.org/unsd/mdglabs), which will display key Millennium Development Goals indicators based on both national and international sources, and highlights and explains differences between the two sources of data. These data will subsequently be transmitted to the international database UNdata (http://data.un.org), maintained by the Division in New York.

## A. Regional workshops on Millennium Development Goal monitoring

10. A series of workshops was launched in 2008 to bring together representatives of national statistical systems and experts from the international agencies with the main objectives of reviewing existing data gaps and differences between national and international data sets; identifying the underlying causes; and recommending appropriate actions to resolve these gaps and inconsistencies. The methodology is based on working sessions where representatives of national statistical systems and experts from international agencies responsible for the preparation of estimates and compilation of international data series work on the actual data sets to review the gaps and differences and identify solutions.

11. Workshops were held in 2008 and 2009 in Africa, Asia and the Middle East. A workshop was held in Geneva from 8-11 November 2010 for 13 countries of the Economic Commission for Europe (ECE) region. The workshop focused on measurement issues and data discrepancies between international and national data sets for indicators of Millennium Development Goal 4 and Millennium Development Goal 5.

12. A workshop is planned in collaboration with the Economic Commission for Latin America and the Caribbean (ECLAC), covering 11 countries in the region, to be held in San José from 31 January to 3 February 2011. The workshop aims at improving monitoring and reporting of Millennium Development Goal indicators and reducing the differences between national and international data for Millennium Development Goal indicators. It will bring together representatives from national statistical offices, line ministries and international agencies to review recommendations for reporting of Millennium Development Goal data and to establish strategies to reduce data gaps and differences between national and international figures. Emphasis will be on indicators on poverty, education, employment, health, and water and sanitation, as they are among the most pressing issues in the Latin America and Caribbean region. In addition, a special session will be dedicated to addressing subnational monitoring, with special attention to monitoring Millennium Development Goal trends among indigenous populations, another critical policy concern in the region.

13. A workshop is also scheduled to be held in Cairo in March 2011 for countries of the Economic and Social Commission for Western Asia (ESCWA) region, North Africa and sub-Saharan Africa. The workshop, organized by ESCWA and the Statistics Division, will focus on training national statisticians on the use of SDMX for data and metadata exchange for Millennium Development Goal monitoring and on best practices to improve coordination at the national level and reporting to the international system.

### B. Activities by Inter-agency and Expert Group members to review differences between national and international data sets for Millennium Development Goal indicators

14. In a continuous effort to reduce data gaps and improve data quality for Millennium Development Goal monitoring, besides the workshops organized jointly with the Statistics Division, some of the Inter-agency and Expert Group members have also launched their programmes and activities aimed at reconciling national and international sources. The Division has compiled an inventory of these activities, including links to some of the original studies and reports (available from http://mdgs.un.org).

## III. Assessment of data availability on Millennium Development Goal indicators

15. A key concern of the Statistical Commission has been the degree to which Millennium Development Goal indicators are produced, on the basis of international estimates rather than from data produced by national statistical systems. Also, the

statistical community has been preoccupied with the scarce overall availability of data to compile the official indicators identified to track progress on the Goals. In order to address this concern, the Statistics Division regularly monitors the availability of data in the Millennium Development Goal indicator database (http://mdgs.un.org). This assessment has served as a way to determine to what extent the regional aggregates used for the global monitoring reflect the actual situation of countries around the world, as well as an indirect measure of countries' capacity to produce the necessary data.

16. Also, in order to assess the extent to which the data in the database reflect the actual capacity of countries to produce the necessary data, the colour coding in the Millennium Development Goal indicator database allows distinguishing between data produced by countries and adjusted data or estimates. When considering the country coverage in the database, it is important, however, to bear in mind that not all data produced at the national level reach the international statistical system, mainly because of the inadequacy of existing reporting mechanisms.

17. Over the years, the focus of the work by the Inter-agency and Expert Group has been on the improvement of coordination of statistical systems within countries and reporting to the international agencies. Also, international agencies, regional commissions and other development partners have engaged in a number of initiatives to help developing countries strengthen their statistical capacity to produce, analyse and disseminate data to monitor development. These activities, especially the increased dialogue between countries and international agencies within the Inter-agency and Expert Group, PARIS21 and in various other forums, have yielded important results. Increasingly, data production in countries has become aligned with internationally agreed recommendations and standards, and international agencies have developed a better understanding of data availability in countries and how to work with national experts in developing and applying the needed methodology for the production and estimation of the indicators.

18. Progress in data production in countries, and improvements in the reporting from countries to the international statistical system have resulted in increasing availability of data in the Millennium Development Goal database. Table 1 presents the availability of data for the assessment of trends, measured as the number of countries that have data before and after the year 2000 (at least one data point) in the database, as of 2003, 2006 and 2010.[2] In order to compare the current status of the database with the one in 2003, only a subset of indicators is considered, which includes those that have remained unchanged over the years in terms of definitions and methods of reporting. The number of countries for which data are available for a large number of indicators has continued to increase over the years. In particular, the number of countries with trend data for 16-22 indicators increased from 0 in 2003 to 84 in 2006, and to 96 in 2010. Meanwhile, the number of countries with trend data for only 0-5 indicators has gone down from 47 in 2003 to only 9 in 2010.

19. Although the increased coverage in the database is not exclusively due to actual progress taking place in countries, it does reflect, at least in part, an increased availability of data in national sources and a stronger capacity of national statistical

[2] A brief description of the methodology for the assessment of data availability in the Millennium Development Goal indicators database is presented in annex I. The complete results of the analysis are available on the website of the Statistical Commission at http://unstats.un.org/unsd/statcom/commission.htm.

systems to respond to the monitoring requirements. Other factors play a role, including improvement in the reporting mechanisms from countries to international agencies and increased access and understanding by agencies of existing national sources. A decrease in data availability for some indicators is generally due to errors or data quality issues identified by international agencies in the original national data, which result in the removal of the data in question from the series.

Table 1
**Number and percentage of countries and territories in the Millennium Development Goal indicator database, by number of indicators for which trend analysis is possible**[a]

| *Number of indicators for which trend analysis is possible*[b] | *Countries and territories* | | | | | |
|---|---|---|---|---|---|---|
| | *As of July 2003* | | *As of July 2006* | | *As of July 2010* | |
| | *Number* | *Percentage* | *Number* | *Percentage* | *Number* | *Percentage* |
| 0-5 | 47 | 29 | 15 | 9 | 9 | 6 |
| 6-10 | 66 | 40 | 22 | 13 | 15 | 9 |
| 11-15 | 50 | 31 | 42 | 26 | 43 | 26 |
| 16-22 | 0 | 0 | 84 | 52 | 96 | 59 |
| **Total** | **163** | **100** | **163** | **100** | **163** | **100** |

[a] The criterion used to determine whether trend analysis is possible for a given indicator is that the country has data for the given indicator for at least one point before 2000 and one after 2000.
[b] Indicators for which the reporting is done on all developing countries. The calculation for the indicators on donor countries is presented separately.

20. Improvement of overall data availability irrespective of whether the data points are before or after 2000 is even greater, with 119 countries in 2010 displaying data for two points in time for 16-22 indicators, up from only 4 countries in 2003 (table 2).

Table 2
**Number and percentage of countries and territories in the Millennium Development Goal indicator database, by number of indicators with at least two data points**[a]

| *Number of indicators with at least two data points*[b] | *Countries and territories* | | | | | |
|---|---|---|---|---|---|---|
| | *As of July 2003* | | *As of July 2006* | | *As of July 2010* | |
| | *Number* | *Percentage*[c] | *Number* | *Percentage*[c] | *Number* | *Percentage*[c] |
| 0-5 | 31 | 19 | 9 | 6 | 8 | 5 |
| 6-10 | 49 | 30 | 19 | 12 | 7 | 4 |
| 11-15 | 79 | 48 | 31 | 19 | 29 | 18 |
| 16-22 | 4 | 2 | 104 | 64 | 119 | 73 |
| **Total** | **163** | **100** | **163** | **100** | **163** | **100** |

[a] The two points in time considered in this table refer to any time, irrespective of whether they are before or after 2000.
[b] Indicators for which the reporting is done on all developing countries. The calculation for the indicators on donor countries is presented separately.
[c] Total does not equal 100 owing to rounding up or down of percentages.

21. A more comprehensive assessment of current data availability can be conducted on the totality of the indicators, as contained in the most recent update of the database. Table 3 presents a full description of data series contained in the database as of July 2010, including for those indicators that are related to specific groups of countries such as landlocked developing countries, small island developing States and donor countries.

Table 3

**Number and percentage of countries and territories in the Millennium Development Goal indicators database, by number of indicators for which trend analysis is possible, as of July 2010**[a]

**A. Indicators reported for countries of the developing regions**

| | *Countries and territories* | |
|---|---|---|
| *Number of indicators* | *Number* | *Percentage*[b] |
| 0-10 | 7 | 4 |
| 11-20 | 17 | 10 |
| 21-30 | 45 | 28 |
| 31-40 | 51 | 31 |
| 41-55 | 43 | 26 |
| **Total** | **163** | **100** |

[a] The criterion used to determine whether trend analysis is possible for a given indicator is that the country has data for the given indicator for at least one point before 2000 and one after 2000.

[b] Total does not equal 100 owing to rounding up or down of percentages.

**B. Indicators related to official development assistance from the 23 donor countries**

Data are available for all 23 donor countries on indicators:

8.1 Net official development assistance (ODA), total, as percentage of donors' gross national income, from 1990 to 2009

8.1 Net ODA, to least developed countries, as percentage of donors' gross national income, from 1990 to 2008

8.2 Proportion of total bilateral, sector-allocable ODA of Organization for Economic Cooperation and Development/Development Assistance Committee (OECD/DAC) donors to basic social services, from 1996 to 2008

8.3 Proportion of bilateral official development assistance of OECD/DAC donors that is untied, from 1990 to 2008

8.9 Proportion of ODA to help build trade capacity, from 2001 to 2008

Data are available for 12 OECD countries on indicator:

8.8 Agricultural support estimates, from 1990 to 2008

### C. Indicators related to the 31 landlocked developing countries

Data are available for landlocked developing countries on indicator:

8.4 ODA received in landlocked developing countries as a proportion of their gross national income, up to 2008 for 29 countries, 2007 for 1 country and 2005 for 1 country

### D. Indicators related to the 46 small island developing countries included in the Millennium Development Goal database

Data are available for 31 small island developing countries on indicator:

8.5 ODA received in small island developing States as a proportion of their gross national incomes, up to 2008 for 31 countries, 2005 for 1 country

*Note*: No ODA has been received by Singapore and Bahamas since 1995.

### E. Indicators related to the 40 eligible heavily indebted poor countries

Data are available for all 40 eligible heavily indebted poor countries (HIPC) on indicators:

8.10 Number of countries that have reached their HIPC decision and completion points, from 2000 to 2010

8.11 Debt relief committed under the HIPC initiative and Multilateral Debt Relief Initiative updated every year until 2010

22. In assessing data availability in internationally compiled data series, it is also important to consider that country data are often adjusted to allow international comparability and that when data in countries are not available or multiple and conflicting sources exist, international agencies produce estimates. The categories reflected in the colour coding of the Millennium Development Goal database reflect, for every country and every year considered, the level of adjustment of the original country data performed by the agency to obtain the desired level of international comparability or to resolve data quality issues. Country representatives and international agencies in the Inter-agency and Expert Group agreed on the categories to be used to represent the nature of the data, as detailed in table 4 below.

23. The assessment shown in table 4 indicates the nature of the data for the majority of countries in the database: an indicator is defined as being of a given category when the majority of the countries have data falling into that category. For a country to be designated as falling into a given category for the specific indicators, the majority of data points have to be in that category.[3] The majority of indicators are based on data from countries with none or minimum adjustment. There are, however, still 12 indicators for which the majority of data points are estimated by the international agency and 1 indicator for which most data points are derived through a model based on variables other than the one the indicator is measuring. A complete list of indicators under each category and related data availability is presented in annex II.

[3] The category "country data" is an exception: when the country has data in the "country data" category for at least one data point, it is classified as "country data" for that specific indicator, following the rationale that in that case, the country has the capacity to produce the indicator in adherence with international standards.

Table 4

**Number and percentage of Millennium Development Goal indicators by nature of the data available in the majority of countries in the Millennium Development Goal database, as of July 2010**

| | *Indicators* | |
|---|---|---|
| *Nature of data*[a] | *Number* | *Percentage* |
| **Indicators reported for countries of the developing regions** | | |
| Country data | 28 | 51 |
| Country adjusted | 3 | 5 |
| Estimated | 12 | 22 |
| Modelled | 1 | 2 |
| Global monitoring data | 6 | 11 |
| Not available | 5 | 9 |
| **Total** | **55** | **100** |
| **Indicators related to official development assistance from the 22 donor countries** | | |
| Country data | 6 | 100 |
| **Indicators related to the 31 landlocked developing countries** | | |
| Country data | 1 | 100 |
| **Indicators related to the 46 small island countries** | | |
| Country data | 1 | 100 |
| **Indicators related to 40 eligible heavily indebted poor countries initiative countries** | | |
| Global monitoring data | 3 | 100 |

[a] The coding of the nature of data is as follows:

*Note*: Country data: the figure is the one produced and disseminated by the country (including data adjusted by the country to meet international standards).

Country adjusted: the figure is the one produced and provided by the country, but adjusted by the international agency for international comparability, that is to comply with internationally agreed standards, definitions and classifications (age group, ISCED, etc.).

Estimated: the figure is estimated by the international agency, when corresponding country data on a specific year or set of years are not available, or when multiple sources exist, or there are issues of data quality. Estimates are based on national data, such as surveys or administrative records, or other sources but on the same variable being estimated.

Modelled: the figure is modelled by the agency when there is a complete lack of data on the variable being estimated. The model is based on a set of covariates — other variables for which data are available and that can explain the phenomenon.

Global monitoring data: the figure is regularly produced by the designated agency for the global monitoring, based on country data. However, there is no corresponding figure at the country level, because the indicator is defined for international monitoring only (example: population living on less than $1 a day).

Not available: the nature of data is unknown or was not provided.

24. The need for data on Millennium Development Goals to be released in a timely manner has become increasingly pressing. The annual general political debate on the goals and targets, and on steps to be undertaken to accelerate progress is largely based on the assessment of progress. This assessment risks losing its relevance if data are not sufficiently recent to reflect the impact of shocks and recent crises. International agencies have improved their communication with national statistical systems and

made efforts to compile and release the international data series on Millennium Development Goals as early as possible. All indicators have data for the year 2000 or later. There remains, however, a delay of at least two years for most of the indicators, with only one indicator with data for 2009 and one with data for 2010 (table 5).

Table 5
**Number and percentage of indicators by latest available year in the Millennium Development Goal indicators database, as of July 2010**

| *Latest available year* | *Indicators* | |
|---|---|---|
| | *Number* | *Percentage* |
| **Indicators reported for countries of the developing regions** | | |
| 1990-1999 | 0 | 0 |
| 2000-2004 | 6 | 11 |
| 2005-2006 | 18 | 33 |
| 2007 | 7 | 13 |
| 2008 | 22 | 40 |
| 2009 | 1 | 2 |
| 2010 | 1 | 2 |
| **Indicators related to official development assistance from the 23 donor countries** | | |
| 2008 | 5 | 83 |
| 2009 | 1 | 17 |
| **Indicators related to the 31 landlocked developing countries** | | |
| 2008 | 1 | 100 |
| **Indicators related to the 46 small island developing States** | | |
| 2008 | 1 | 100 |
| **Indicators related to 40 eligible HIPC countries** | | |
| 2010 | 2 | 100 |

# IV. Millennium Development Goals reporting in 2010

25. The *Millennium Development Goals Report 2010*, published by the United Nations, was launched by the Secretary-General in New York on 23 June. The report presents the trends in and analysis on the Millennium Development Goals, based on regional and subregional figures on the official Millennium Development Goal indicators provided by the partner agencies. The data and analysis presented in the report were also used as an input to the report of the Secretary-General on the work of the Organization to the General Assembly at its sixty-fifth session, which contains a statistical annex with all the official figures on the Millennium Development Goal indicators.[4]

26. The Department of Economic and Social Affairs also issued the 2010 edition of the Millennium Development Goals Progress Chart, a colour-coded chart presenting an assessment of regions and subregions that are on- or off-track to achieve the goals.

[4] *Official Records of the General Assembly, Sixty-fifth Session, Supplement No. 1* (A/65/1).

27. A chart was also prepared on the progress towards achieving the Millennium Development Goals from a gender perspective. The chart, "Millennium Development Goals: Gender Equality and Women's Empowerment", presents data and analysis on several aspects related to gender issues and women's empowerment on each of the eight Goals. It was launched during the Millennium Summit in September 2010 at a side event organized jointly by the United Nations Development Fund for Women and the Permanent Mission of Denmark to the United Nations, entitled "World's women at the centre of achieving the MDGs".

28. The Statistics Division also continues to maintain the website and database of the Inter-Agency and Expert Group on Millennium Development Goal Indicators (http://mdgs.un.org). The database is also available on MDGInfo, an adaptation of the DevInfo platform. MDGInfo was issued in August 2010 by the Statistics Division, in collaboration with the DevInfo group.

# V. Conclusions and way forward

29. **The Commission may wish to take note of the work done in 2010 by the Inter-Agency and Expert Group and the Statistics Division in implementing the recommendations contained in Economic and Social Council resolution 2006/6 and the requests by the Statistical Commission at its forty-first session on the improvement of data and indicators to monitor the Millennium Development Goals.**

30. **The Commission may also wish to comment on the proposed next steps:**

- **Develop tools and methodology for country-level assessment of progress and make them widely available to countries**
- **Continue to provide training to countries on the production of data and indicators on the Millennium Development Goals at the subnational level**
- **Continue the work to reconcile the national and international data and to improve coordination of Millennium Development Goal monitoring in countries**
- **Continue to provide technical assistance and training to countries that wish to adopt the SDMX standards on Millennium Development Goal indicators for the exchange of data and metadata within national statistical systems and for reporting to the international statistical system**

# Annex I

## Assessment of data availability in the Millennium Development Goal indicators database

1. A total of 72 series were included in the analysis of data availability (see list A). For the assessment of progress in the availability of data over time (between 2003 and 2010), the analysis is conducted on a subgroup of 22 key series. Considering a smaller set of indicators has the advantage that the assessment can be conducted over a longer period of time, providing a clearer indication of how data production has evolved since the monitoring of the Millennium Development Goals began. The analysis is based on the information available at the time the Millennium Development Goals indicators database is regularly updated in July of each year.

2. Of the 72 series, 55 are relevant to all 163 developing countries included in the database, while the remaining refers to specific groups of countries as follows:

(a) Six series relevant to 23 OECD/DAC donor countries;

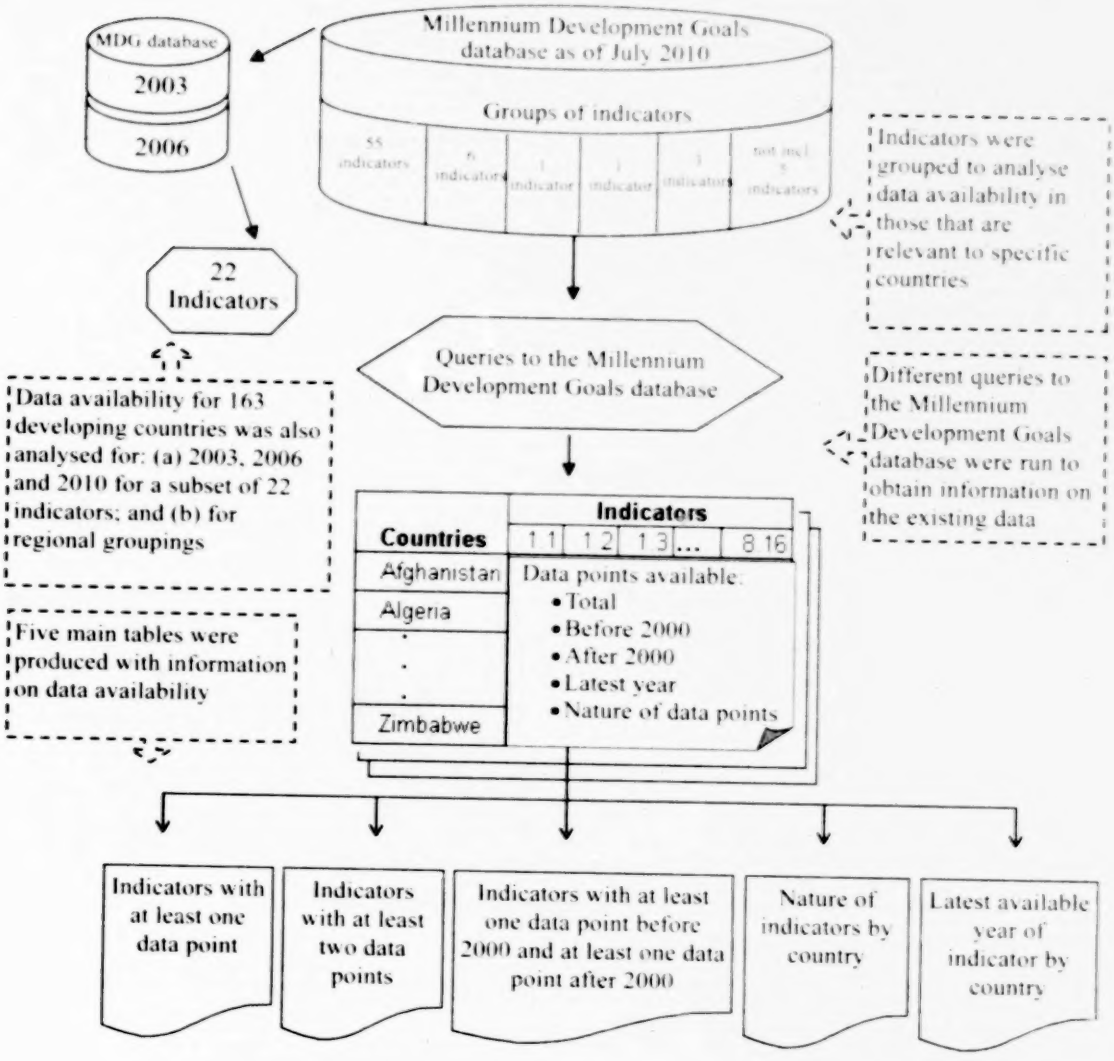
(b) One series relevant to the 31 landlocked developing countries;

(c) One series relevant to the 46 small island developing States included in the database;

(d) Three series relevant to the 40 HIPC initiative countries.

3. The remaining six series were not included because data are not reported (two indicators) or the indicators refer to an aggregated level (four indicators).

4. The figure below describes the steps followed to process the information:


MDG database
2003
2006
Millennium Development Goals database as of July 2010
Groups of indicators
55 indicators
9 indicators
1 indicator
1 indicator
3 indicators
not incl. 5 indicators
Indicators were grouped to analyse data availability in those that are relevant to specific countries
22 Indicators
Queries to the Millennium Development Goals database
Different queries to the Millennium Development Goals database were run to obtain information on the existing data
Data availability for 163 developing countries was also analysed for: (a) 2003, 2006 and 2010 for a subset of 22 indicators; and (b) for regional groupings
Five main tables were produced with information on data availability
Countries
Indicators
1.1
1.2
1.3
...
8.16
Afghanistan
Algeria
Zimbabwe
Data points available:
• Total
• Before 2000
• After 2000
• Latest year
• Nature of data points
Indicators with at least one data point
Indicators with at least two data points
Indicators with at least one data point before 2000 and at least one data point after 2000
Nature of indicators by country
Latest available year of indicator by country

**List A. Millennium Development Goals indicators included in data availability analysis**

**Indicators reported for countries of the developing regions**

1.1 Proportion of population below $1 purchasing power parity (PPP) per day

1.2 Poverty gap ratio

1.3 Share of poorest quintile in national consumption

1.4 Growth rate of gross domestic product (GDP) per person employed

1.5 Employment-to-population ratio

1.6 Proportion of employed people living below $1 (PPP) per day

1.7 Proportion of own-account and contributing family workers in total employment

1.8 Prevalence of underweight children under 5 years of age*

1.9 Proportion of population below minimum level of dietary energy consumption

2.1 Net enrolment ratio in primary education*

2.2 Proportion of pupils starting grade 1 who reach last grade of primary*

2.3 Literacy rate of 15- to 24-year-olds, women and men*

3.1 Ratio of girls to boys in primary, secondary and tertiary education

- Gender Parity Index in primary level enrolment*
- Gender Parity Index in secondary level enrolment*
- Gender Parity Index in tertiary level enrolment*

3.2 Share of women in wage employment in the non-agricultural sector*

3.3 Proportion of seats held by women in national parliament*

4.1 Under-five mortality rate

4.2 Infant mortality rate

4.3 Proportion of one-year-old children immunized against measles

5.1 Maternal mortality ratio

5.2 Proportion of births attended by skilled health personnel

5.3 Contraceptive prevalence rate*

5.4 Adolescent birth rate

5.5 Antenatal care coverage (at least one visit and at least four visits)

- Antenatal care coverage, at least one visit
- Antenatal care coverage, at least four visits

5.6 Unmet need for family planning

6.1 HIV prevalence among population aged 15-24 years*

6.2 Condom use at the last high-risk sex

Condom use at last high-risk sex, 15-24 years old, men

Condom use at last high-risk sex, 15-24 years old, women

Condom use to overall contraceptive use among currently married women 15-49 years old*

6.3 Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS

Men 15-24 years old with comprehensive correct knowledge of HIV/AIDS

Women 15-24 years old with comprehensive correct knowledge of HIV/AIDS

6.4 Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years

6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs

6.7 Proportion of children under 5 sleeping under insecticide-treated bednets

6.8 Proportion of children under 5 with fever who are treated with appropriate antimalarial drugs

6.9 Incidence, prevalence and death rates associated with tuberculosis

Tuberculosis incidence per 100,000 population

Tuberculosis prevalence rate per 100,000 population*

Tuberculosis death rate per 100,000 population*

6.10 Proportion of tuberculosis cases detected and cured under directly observed treatment short course

Tuberculosis detection rate under DOTS*

Tuberculosis treatment success rate under DOTS*

7.1 Proportion of land area covered by forest

7.2 Carbon dioxide emissions, total, per capita and per $1 GDP (PPP)*

7.3 Consumption of ozone-depleting substances

Consumption of all ozone-depleting substances in ODP metric tons

Consumption of ozone-depleting CFCs in ODP metric tons*

7.5 Proportion of total water resources used

7.6 Proportion of terrestrial and marine areas protected

7.8 Proportion of population using an improved drinking water source*

7.9 Proportion of population using an improved sanitation facility*

7.10 Proportion of urban population living in slums

8.12 Debt service as a percentage of exports of goods and services

8.14 Telephone lines per 100 population*

8.15 Cellular subscribers per 100 population

8.16 Internet users per 100 population*

**Indicators related to ODA from the 23 donor countries**

8.1 Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' GNI

Net ODA as percentage of OECD/DAC donors' GNI

Net ODA to LDCs as percentage of OECD/DAC donors' GNI

8.2 Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation)

8.3 Proportion of bilateral ODA of OECD/DAC donors that is untied

8.8 Agricultural support estimate for OECD countries as a percentage of their GDP

8.9 Proportion of ODA provided to help build trade capacity

**Indicators related to the 31 landlocked developing countries**

8.4 ODA received in landlocked developing countries as a proportion of their GNI

**Indicators related to the 46 small island developing States**

8.5 ODA received in small island developing States as a proportion of their GNI

**Indicators related to 40 eligible HIPC countries**

8.10 Total number of countries that have reached their HIPC Initiative decision points and number that have reached their HIPC Initiative completion points (cumulative)

8.11 Debt relief committed under HIPC Initiative and MDRI

Debt relief committed under HIPC Initiative, cumulative

Debt relief delivered in full under MDRI, cumulative

**List B. Indicators not included in data availability analysis**

**Indicators with data reported only at the regional or global level**

7.4 Proportion of fish stocks within safe biological limits

7.7 Proportion of species threatened with extinction

8.6 Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty

8.7 Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries

**Indicators for which no data are reported**

6.6 Incidence and death rates associated with malaria (reporting only started in 2010)

8.13 Proportion of population with access to affordable essential drugs on a sustainable basis

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*Abbreviations*: OECD = Organization for Economic Cooperation and Development; DAC = Development Assistance Committee; HIPC = heavily indebted poor countries; PPP = purchasing power parity; GDP = gross domestic product; DOTS = Directly Observed Treatment Shortcourse; ODP = ozone-depleting substances; CFC = chlorofluorocarbons; GNI = gross national income; MDRI = Multilateral Debt Relief Initiative.

* Series included in data availability analysis for 2003, 2006 and 2010.

# Annex II

## Data availability in the Millennium Development Goals indicators database, by country coverage and nature of data

| Millennium Development Goals indicators | Countries with at least 1 data point | | Countries with at least 2 data points | | Countries with at least 1 data point before 2000 and 1 data point after 2000 | |
|---|---|---|---|---|---|---|
| | Number | Percentage | Number | Percentage | Number | Percentage |
| **Indicators reported for developing regions** | | | | | | |
| **C = Country** | | | | | | |
| 1.4 Growth rate of GDP per person employed | 43 | 26 | 38 | 23 | 19 | 12 |
| 1.5 Employment-to-population ratio | 125 | 77 | 125 | 77 | 84 | 52 |
| 1.7 Proportion of own-account and contributing family workers in total employment | 90 | 55 | 62 | 38 | 32 | 20 |
| 1.8 Prevalence of underweight children under 5 years of age | 118 | 72 | 99 | 61 | 59 | 36 |
| 2.1 Net enrolment ratio in primary education | 136 | 83 | 126 | 77 | 69 | 42 |
| 2.2 Proportion of pupils starting grade 1 who reach last grade of primary | 125 | 77 | 107 | 66 | 44 | 27 |
| 2.3 Literacy rate of 15- to 24-year-olds, women and men | 118 | 72 | 103 | 63 | 13 | 8 |
| 3.1 Ratio of girls to boys in primary, secondary and tertiary education | | | | | | |
| Gender Parity Index in primary level enrolment | 146 | 90 | 143 | 88 | 87 | 53 |
| Gender Parity Index in secondary level enrolment | 145 | 89 | 141 | 87 | 84 | 52 |
| Gender Parity Index in tertiary level enrolment | 131 | 80 | 117 | 72 | 58 | 36 |
| 3.2 Share of women in wage employment in the non-agricultural sector | 156 | 96 | 108 | 66 | 53 | 33 |
| 3.3 Proportion of seats held by women in national parliament | 134 | 82 | 134 | 82 | 86 | 53 |
| 5.3 Contraceptive prevalence rate | 129 | 79 | 103 | 63 | 62 | 38 |
| 5.4 Adolescent birth rate | 161 | 99 | 157 | 96 | 103 | 63 |
| 5.6 Unmet need for family planning | 78 | 48 | 56 | 34 | 37 | 23 |
| 6.2 Condom use at the last high-risk sex | | | | | | |
| Condom use at last high-risk sex, 15-24 years old, men, percentage | 48 | 29 | 22 | 13 | 8 | 5 |
| Condom use at last high-risk sex, 15-24 years old, women, percentage | 54 | 33 | 29 | 18 | 9 | 6 |
| Condom use to overall contraceptive use among currently married women 15-49 years old, percentage | 126 | 77 | 98 | 60 | 59 | 36 |
| 6.3 Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS | | | | | | |
| Men 15-24 years old with comprehensive correct knowledge of HIV/AIDS, percentage | 47 | 29 | 15 | 9 | 1 | 1 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Women 15-24 years old with comprehensive correct knowledge of HIV/AIDS, percentage | 75 | 46 | 39 | 24 | 1 | 1 | C |
| 6.4 Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years | 58 | 36 | 38 | 23 | 19 | 12 | C |
| 6.7 Proportion of children under 5 sleeping under insecticide-treated bednets | 50 | 31 | 30 | 18 | 0 | 0 | C |
| 6.8 Proportion of children under 5 with fever who are treated with appropriate antimalarial drugs | 56 | 34 | 35 | 21 | 2 | 1 | C |
| 6.10 Proportion of tuberculosis cases detected and cured under DOTS | | | | | | | |
| Tuberculosis treatment success rate under DOTS, percentage | 154 | 94 | 152 | 93 | 103 | 63 | C |
| 7.1 Proportion of land area covered by forest | 155 | 95 | 155 | 95 | 100 | 61 | C |
| 7.3 Consumption of ozone-depleting substances | | | | | | | |
| Consumption of all Ozone-Depleting Substances in ODP metric tons | 138 | 85 | 138 | 85 | 1 | 1 | C |
| Consumption of ozone-depleting CFCs in ODP metric tons | 138 | 85 | 138 | 85 | 95 | 58 | C |
| 7.5 Proportion of total water resources used | 117 | 72 | 63 | 39 | 95 | 58 | C |
| **CA = Country adjusted** | | | | | | | |
| 5.2 Proportion of births attended by skilled health personnel | 142 | 87 | 130 | 80 | 78 | 48 | CA |
| 6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs | 90 | 55 | 89 | 55 | 0 | 0 | CA |
| 8.12 Debt service as a percentage of exports of goods and services | 104 | 64 | 104 | 64 | 41 | 25 | CA |
| **E = Estimated** | | | | | | | |
| 4.1 Under-five mortality rate | 138 | 85 | 138 | 85 | 95 | 58 | E |
| 4.2 Infant mortality rate | 138 | 85 | 138 | 85 | 95 | 58 | E |
| 4.3 Proportion of one-year-old children immunized against measles | 139 | 85 | 139 | 85 | 95 | 58 | E |
| 6.1 HIV prevalence among population aged 15-24 years | 101 | 62 | 101 | 62 | 0 | 0 | E |
| 6.9 Incidence, prevalence and death rates associated with tuberculosis | | | | | | | |
| Tuberculosis death rate per 100,000 population | 155 | 95 | 155 | 95 | 4 | 2 | E |
| Tuberculosis incidence per 100,000 population | 155 | 95 | 155 | 95 | 106 | 65 | E |
| Tuberculosis prevalence rate per 100,000 population | 155 | 95 | 155 | 95 | 105 | 64 | E |
| 6.10 Proportion of tuberculosis cases detected and cured under DOTS | | | | | | | |
| Tuberculosis detection rate under DOTS | 155 | 95 | 154 | 94 | 106 | 65 | E |
| 7.6 Proportion of terrestrial and marine areas protected | 158 | 97 | 158 | 97 | 41 | 25 | E |
| 7.8 Proportion of population using an improved drinking water source | 145 | 89 | 145 | 89 | 108 | 66 | E |

| | | | | | | |
|---|---|---|---|---|---|---|
| 7.9 Proportion of population using an improved sanitation facility | 142 | 87 | 142 | 87 | 98 | 60 |
| 7.10 Proportion of urban population living in slums | 105 | 64 | 60 | 37 | 97 | 60 |
| **M = Modelled** | | | | | | |
| 5.1 Maternal mortality ratio | 120 | 74 | 0 | 0 | 0 | 0 |
| **G = Global monitoring data** | | | | | | |
| 1.1 Proportion of population living on less than US$ 1 (PPP) per day | 92 | 56 | 70 | 43 | 46 | 28 |
| 1.2 Poverty gap ratio | 92 | 56 | 70 | 43 | 46 | 28 |
| 1.3 Share of poorest quintile in national consumption | 100 | 61 | 67 | 41 | 45 | 28 |
| 1.6 Proportion of employed people living on less than US$ 1 (PPP) per day | 86 | 53 | 65 | 40 | 45 | 28 |
| 1.9 Proportion of population below minimum level of dietary energy consumption | 124 | 76 | 124 | 76 | 86 | 53 |
| 7.2 Carbon dioxide emissions, total, per capita and per US$ 1 GDP (PPP) | 154 | 94 | 154 | 94 | 154 | 94 |
| **NA = Not available** | | | | | | |
| 5.5 Antenatal care coverage (at least one visit and at least four visits) | | | | | | |
| Antenatal care coverage, at least four visits, percentage | 77 | 47 | 50 | 31 | 31 | 19 |
| Antenatal care coverage, at least one visit, percentage | 127 | 78 | 108 | 66 | 60 | 37 |
| 8.14 Telephone lines per 100 population | 161 | 99 | 161 | 99 | 68 | 42 |
| 8.15 Cellular subscribers per 100 population | 161 | 99 | 161 | 99 | 108 | 66 |
| 8.16 Internet users per 100 population | 161 | 99 | 158 | 97 | 109 | 67 |
| **Indicators related to ODA from the 23 donor countries** | | | | | | |
| **C = Country data** | | | | | | |
| 8.1 Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income | | | | | | |
| Net ODA as percentage of OECD/DAC donors' gross national income | 23 | 100 | 23 | 100 | 23 | 100 |
| Net ODA to least developed countries as percentage of OECD/DAC donors' gross national income | 23 | 100 | 23 | 100 | 23 | 100 |
| 8.2 Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation) | 22 | 96 | 22 | 96 | 19 | 83 |
| 8.3 Proportion of bilateral ODA of OECD/DAC donors that is untied | 23 | 100 | 23 | 100 | 21 | 91 |
| 8.8 Agricultural support estimate for OECD countries as a percentage of their gross domestic product | 12 | 36 | 12 | 36 | 12 | 36 |
| 8.9 Proportion of ODA provided to help build trade capacity | 20 | 87 | 20 | 87 | 0 | 0 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Indicators related to the 31 landlocked developing countries** | | | | | | | |
| **C = Country data** | | | | | | | |
| 8.4 ODA received in landlocked developing countries as a proportion of their gross national income | 31 | 100 | 31 | 100 | 31 | 100 | C |
| **Indicators related to the 46 small island developing States** | | | | | | | |
| **C = Country data** | | | | | | | |
| 8.5 ODA received in small island developing States as a proportion of their gross national income | 31 | 60 | 31 | 60 | 31 | 60 | C |
| **Indicators related to 40 eligible HIPC countries** | | | | | | | |
| **G = Global monitoring data** | | | | | | | |
| 8.10 Total number of countries that have reached their HIPC Initiative decision points and number that have reached their HIPC Initiative completion points (cumulative) | 40 | 100 | | | | | G |
| 8.11 Debt relief committed under HIPC Initiative and MDRI[b] | | | | | | | |
| Debt relief committed under HIPC Initiative (cumulative) | 35 | 88 | | | | | G |
| Debt relief delivered in full under MDRI (cumulative) | 26 | 65 | | | | | G |

*Abbreviations:* GDP = gross domestic product; DOTS = Directly Observed Treatment Short Course; ODP = ozone-depleting potential; CFC = chlorofluorocarbons; PPP = purchasing power parity; OECD = Organization for Economic Cooperation and Development; DAC = Development Assistance Committee; ODA = official development assistance; HIPC = heavily indebted poor countries; MDRI = Multilateral Debt Relief Initiative.

[a] The coding of the nature of the data is as follows:

C = Country data. The figure is the one produced and disseminated by the country (including data adjusted by the country to meet international standards).

CA = Country adjusted. The figure is the one produced and provided by the country, but adjusted by the international agency for international comparability, that is to comply with internationally agreed standards, definitions and classifications (age group, International Standard Classification of Education, etc.).

E = Estimated. The figure is estimated by the international agency when corresponding country data on a specific year or set of years are not available, or when multiple sources exist, or there are issues of data quality. Estimates are based on national data such as surveys or administrative records or other sources, but on the same variable being estimated.

M = Modelled. The figure is modelled by the agency when there is a complete lack of data on the variable being estimated. The model is based on a set of covariates: other variables for which data are available and that can explain the phenomenon.

G = Global monitoring data. The figure is regularly produced by the designated agency for the global monitoring, based on country data. However, there is no corresponding figure at the country level because the indicator is defined for international monitoring only (example: population living on less than US$ 1 a day).

NA = Not available. The nature of the data is unknown or was not provided.

[b] Data on the cumulative debt relief committed are updated every year.

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**Statistical Commission**
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22-25 February 2011
Item 3 (j) of the provisional agenda*
**Items for discussion and decision: statistics of human development**

# Report of the Bureau of the Statistical Commission on statistics of human development

## Note by the Secretary-General

In accordance with a request of the Statistical Commission at its forty-first session (see E/2010/24, chap. I.B, decision 41/112 (q)), the Secretary-General has the honour to transmit the report of the Bureau of the Statistical Commission on statistics of human development. The report presents the findings and recommendations of an expert group meeting which was called under the auspices of the Bureau in order to assess the methodological soundness and the appropriateness of the data used for the *Human Development Report*. The Commission is invited to endorse the key recommendations of the expert group regarding the use of official statistics, the need for full transparency and the need to reactivate the Statistical Advisory Panel, as contained in paragraph 12.

* E/CN.3/2011/1.

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# Report of the Bureau of the Statistical Commission on statistics of human development

## I. Introduction

1. At its forty-first session, the Statistical Commission considered the item of development indicators. In its decision 41/112, paragraphs (k) to (q), the Commission

> "...
>
> "(k) Expressed concern that there were now incidences in which full consultation [between countries and international agencies] was lacking, such as in the case of the expansion of the Human Development Index, which could undermine progress made in this area over the past five years;
>
> "(l) Recognized the importance of the Human Development Index to countries and the extensive consultation that the Commission had undertaken with the Human Development Report Office in the past;
>
> "(m) Expressed regret that there had been a lack of consultation with the Statistical Commission on the revision of the current Human Development Index;
>
> "(n) Requested the Human Development Report Office to take note of the transparent procedures of the Statistical Commission in developing new statistical methodology on indices that have an impact on countries;
>
> "(o) Requested the Bureau of the Commission, together with experts from the regions, to undertake immediate consultation with the Human Development Report Office on the methodologies and data used in the proposed revision of the Human Development Index and to take appropriate decisions based on the consultation;
>
> "(p) In view of the lack of consultation and the lack of transparency, the Commission will, at its forty-second session, assess the methodological soundness of the proposed Human Development Index, the appropriateness of the data used and the conclusions drawn therefrom, if this is recommended by the Bureau;
>
> "(q) Requested the Bureau of the Commission and the Human Development Report Office to report back to the forty-second session of the Statistical Commission on this consultation and the resulting recommendations".

2. Pursuant to the decision, the United Nations Statistics Division, at the request of the Bureau, organized an expert group meeting on the Human Development Index (HDI) in New York on 24 and 25 March 2010. High-level experts from 11 countries and the European Union, representing a broad spectrum of subject-matter expertise and geographical regions, participated in the meeting. The meeting was chaired by Peter Harper of the Australian Bureau of Statistics. A summary of the meeting is contained in section II. The recommendations of the expert group meeting are contained in the annex.

3. Section III gives an overview of the actions taken following the expert group meeting, leading to the decisions by the Bureau on the documentation that forms the basis for the current discussion by the Commission of this item. Suggested points for discussion are contained in section IV.

## II. Expert group meeting on the Human Development Index

4. The purpose of the meeting was to review the proposed revisions to the methods of constructing HDI and to prepare a set of recommendations to improve the methodological soundness and the appropriateness of the data used. A team from the Human Development Report Office of the United Nations Development Programme (UNDP), led by its Director, made two technical presentations on (a) proposed changes to the "classic" HDI; and (b) the proposal to introduce new adjusted indices regarding inequality and, specifically, gender inequality. Further details in this respect are included in the report of the Office to the Commission session (E/CN.3/2011/15). It should be noted that the multidimensional poverty index, which was subsequently included in the *Human Development Report 2010*, was not presented for discussion by UNDP at the time of the expert group meeting.

5. Throughout the discussion, the group emphasized the importance of using official statistical series for the construction of HDI rather than employing non-official sources which might only have been compiled on an ad hoc-basis series, with a potentially low degree of cross-country comparability. This point was particularly underscored in reviewing the adequacy of the selection of education-related indicators and poverty measures. The group urged that official statistical series published by international agencies with the relevant mandate should be used to ensure the reliability, comparability and sustainability of the data series used in the construction of the HDI indices, particularly the main global HDI.

6. The group reviewed in detail the three dimensions of the classic HDI, namely, the income dimension, the education dimension and the health dimension. It furthermore reviewed proposals to modify the construction of the index, in particular those related to introducing variable upper and lower caps instead of "hard" caps and to applying natural logarithms in constructing dimension indices other than income. Finally, the group examined the proposals to develop adjusted HDI indices as a supplement to the family of HDI indices.

7. The expert group adopted a set of conclusions and specific recommendations, which are contained in the annex. Recognizing, at that time, that the revision of HDI was an ongoing process and that the final decisions had not yet been made with regard to the extent of the revision, the group requested that UNDP keep it informed about the final statistical content of the *Human Development Report 2010*. The members of the expert group also expressed their commitment and readiness to be available over the following weeks for further technical reviews and consultations, by means of written communication.

## III. Follow-up actions to the expert group meeting

8. On 26 March 2010, the day immediately following the expert group meeting, the Chair of the group, at the invitation of the Human Development Report Office,

presented the conclusions and recommendations at the session of the Academic Advisory Panel of the Office. The report of the meeting was also transmitted to the Bureau of the Statistical Commission. The report was also formally submitted to UNDP on 3 May 2010, with a request to provide a response on the set of recommendations to the Bureau before the manuscript of the *Human Development Report 2010* was finalized.

9. The Human Development Report Office acknowledged receipt of the report through an e-mail from its Director on 19 May 2010, announcing that a more detailed reaction to the recommendations would be forthcoming. This was provided in another e-mail from the Director on 15 September 2010. In this communication, the Director pointed to the extensive series of consultations with a wide range of experts, including official statisticians, and practitioners. The Director furthermore stated that the Office did not have a mandate within the United Nations to collect primary data from countries, and therefore relied extensively on the data series produced by international and regional organizations with the relevant expertise and mandates in the given subject-matter areas. The Director also transmitted the list of statistical tables to be used in the 2010 report, together with their respective sources, and announced that the Report would be officially launched on 4 November 2010. Further technical explanations on some of the issues related to the expert group's recommendations are contained in the report of UNDP to the Commission.

10. It should be noted that the Human Development Report Office did not respond to the offer extended by the expert group to be available for further technical reviews and consultations during the process of the finalization of the 2010 manuscript. Furthermore, even though the Office provided additional information regarding supplementary series in line with recommendation 6 (see annex) of the expert group, this was done at such a late stage (15 September 2010) that there was no time for a meaningful review or discussion.

11. Given continued concerns about indicators released by United Nations agencies, in particular in the context of the *Human Development Report*, the Bureau accepted an offer by Brazil, Morocco and South Africa to present a joint report on their concerns (E/CN.3/2011/16). Together with the present report and the report of UNDP, that report will form the basis for the discussion of the agenda item on statistics for human development.

## IV. Points for discussion

12. The Commission is invited:

(a) To thank the expert group on the Human Development Index for its work and for having prepared a set of specific recommendations;

(b) To endorse the key recommendations of the expert group, namely:

(i) To use official statistical series, especially for the construction of the main global HDI, and only official statistical series, published by an international agency with the appropriate mandate in the relevant subject-matter area and subject to proper governance arrangements, which can therefore be considered reliable, comparable and sustainable for use in an international development index. Non-official sources may occasionally be used as supplementary series in cases where official data are not available;

however, even in such cases official statisticians should be engaged with the aim of developing appropriate official sources;

(ii) To encourage the Human Development Report Office to support the work of relevant United Nations entities on the harmonization of national and international estimates. To this end, the official statistical community would greatly appreciate the support of the Office in urging the relevant United Nations entities to consult with countries, particularly in regard to missing data;

(iii) To exercise caution with respect to the incorporation of certain additional supplementary series when those measures have not reached a stage of methodological development where there is consensus on how underlying concepts should be measured. Such measures are unlikely to be globally available or comparable;

(iv) To provide full transparency and proper presentation of all data sources and methodologies used, in particular in those cases where country data have been estimated by the Human Development Report Office team to complete existing international data series, a practice that requires caution. Full documentation of the process needs to be publicly available; where possible, relevant international organizations should be consulted about estimates and the concerned countries should be advised in advance, in order to provide an opportunity for the country to present its technical comments on the estimates that have been derived;

(v) To reactivate the Human Development Report Statistical Advisory Panel with appropriate representation from the official statistical community, in order to allow early and full consultations with the official statistical community during the preparation of future issues of the *Human Development Report*;

(c) To request the United Nations Development Programme-Human Development Report Office to report on the implementation of these recommendations to the Commission at its forty-third session.

# Annex

## Conclusions and recommendations of the expert group on the Human Development Index

### General recommendations

The expert group:

1. Welcomes the opportunity to review the proposed changes in data use and methodology for the Human Development Index (HDI) and related indices; however, the group expresses regret and concern that a dialogue with the official statistical community, even one based on preliminary information, did not take place earlier in the process.

2. Notes that decisions on revisions of HDI and related indices, as shown in the background note and presentations made by the United Nations Development Programme-Human Development Report Office team during the expert group meeting, are not yet final. The recommendations and conclusions included in the note are based on provisional information and, therefore, the group requests the Human Development Report Office to keep it informed about all relevant index-related discussions in the forthcoming weeks during the finalization process of the publication of the *Human Development Report 2010* in order to allow the statistical experts to refine their assessment and contribute to the process through further technical recommendations.

3. Strongly recommends the use of official statistical series, especially for the construction of the main global HDI. The group stresses that only official statistical series, published by an international agency with the appropriate mandate in the relevant subject-matter area, are subject to proper governance arrangements and can therefore be considered reliable, comparable and sustainable for use in an international development index; non-official sources may occasionally be used as supplementary series in cases where official data are not available; however, even in such cases official statisticians should be engaged with the aim of developing appropriate official sources.

4. Recognizes that for new or adjusted indices to be developed, the necessary baseline data may only be available for a limited number of countries; however, the group encourages the Human Development Report Office to actively explore such situations with the official statistical community, as this may provide opportunities for the future development of new statistical series, especially in developing countries.

5. Recommends caution with respect to the incorporation of certain additional supplementary series when those measures have not reached a stage of methodological development where there is consensus on how underlying concepts should be measured. Such measures are unlikely to be globally available or comparable. The Human Development Report Office did consider such a measure, "health-adjusted life expectancy" (HALE), but decided against using it as estimates would not be available in the future; there is also lack of agreement on how to adjust life expectancy in order to take health into account. The data needed for such calculations are also lacking. The group also observes that over the past decade a significant statistical investment has been made to improve the Millennium

Development Goal indicators, so they would seem to constitute a good source from which to draw additional indicators.

6. Notes that statistical series other than HDI are included in the *Human Development Report*, especially in its statistical annex, and welcomes the offer by the Human Development Report Office to provide the group with additional information regarding which proposed supplementary series are to be included in the 2010 publication.

7. Stresses the importance of full transparency and proper presentation of all data sources and methodologies used. The group insists that particularly in those cases where country data have been estimated by the Human Development Report Office team to complete existing international data series, a practice that requires caution, full documentation of the process needs to be publicly available; where possible, relevant international organizations should be consulted about estimates and the concerned countries should be advised in advance, in order to provide an opportunity for the country to present its technical comments on the estimates that have been derived.

**Human Development Index generally**

8. Welcomes the intention to improve the construction of HDI at regular intervals. The group notes that while the 2010 reform was announced as far-reaching, the proposed new HDI remains unchanged in concept and the final practical adjustments seem to be relatively minor in nature. The group stresses that close regular cooperation with the community of official statisticians, especially with respect to the development and improvement of data series, can help the Human Development Report Office to meet its more ambitious goals in the future.

9. Notes that to the extent possible, the index calculations should be based on actual data, rather than on estimations and/or model calculations, in order to minimize potential ambiguity; if estimations/calculations are indispensable to compensate for missing data points, they should be taken primarily from data series as received from the organizations providing the data series and only in exceptional cases be based on the Human Development Report Office's own transformations.

10. Warns against overconfidence in the precision of data presented. The group observes that some of the new index calculations introduce an even higher degree of "noise", and in this context, encourages research to quantify the quality of the input series, e.g., errors in the estimates of confidence intervals. The results of this research should be made publicly available. The group also suggests that the Human Development Report Office may wish to consider introducing country clusters where countries have similar index values, instead of individual country rankings.

11. Notes with satisfaction that the Human Development Report Office intends to recalculate the "new" HDI for the entire period 1980-2010. The group stresses that the analysis of the impact of the changes to the HDI methodology needs to be based on the entire time series and not only on the last year. The group also welcomes in this context the announcement that calculations of the current HDI according to the "old" method would be made available as reference material for the 2010 release, in order to better understand the impact of moving to the new HDI.

**Inequality-adjusted indices**

12. Supports efforts to introduce inequality-adjusted indices as supplementary indices. The group proposes that the classic HDI remain the main global index until such time as the conceptual and methodological basis of the proposed inequality-adjusted index is fully developed and receives wide acceptance.

13. Encourages the investigation of alternative models of measuring inequality for use in HDI indices. The group again draws attention to the fact that any inequality measure involves value judgements. The group suggests the inclusion of the inequality-adjusted HDI in the forthcoming publication in order to reach a broader and diverse audience and generate constructive discussion, with a view to seeking input for refining the concept and methodology. The group suggests that the term "experimental" be used to indicate the evolving status of the inequality adjusted HDI pending its broader acceptance. In this context, the group notes that the inequality-adjusted HDI and indicators of multidimensional poverty are two distinct measures and, therefore, welcomes the announcement by the Human Development Report Office that it will continue to include a separate measure of multidimensional poverty.

14. Expresses some concern about the use of the "inequality aversion parameter" because this parameter raises interpretability challenges for the final calculations. The group also cautions against oversimplifications in this respect. The group welcomes plans to present a sensitivity analysis in this respect; however, the group cannot offer a specific alternative to this parameter at this time.

**Gross domestic product/gross national income**

15. Considers the replacement of the data series of gross domestic product with gross national income a positive development and notes that there should not be any data availability issues in regard to gross national income. The group observes, however, that this will introduce greater volatility of this component of HDI. The group notes that conceptually, purchasing power parity conversion rates do not apply immediately to income measures, but may still be satisfactory in this context; however, this issue requires further in-depth analysis.

**Indicators on education**

16. Supports in principle the selection of the newly proposed education indicators, namely, adult mean years of schooling and school life expectancy, and agrees that the indicators could improve the measurement of the education dimension in HDI.

17. Expresses concern regarding the proposed use of a non-official source and the regularity of updating in introducing the data on adult mean years of schooling. The group proposes that the compilation of this indicator be conducted under the auspices of an international agency, possibly the United Nations Educational, Scientific and Cultural Organization.

**Indicator on life expectancy**

18. Notes the continued use of an indicator on life expectancy and recognizes that it is difficult to obtain the reliable mortality statistics that are needed to calculate life expectancy because the majority of countries do not have reliable vital

statistics/civil registration systems. The group encourages countries to develop reliable vital statistics systems and, in addition, encourages the Human Development Report Office to support the work of relevant United Nations entities on the harmonization of national and international estimates. To this end, the official statistical community would greatly appreciate the support of the Office in urging the relevant United Nations entities to consult with countries, particularly in regard to missing data.

**Caps**

19. Supports the removal of the "hard" caps and their replacement with variable upper and lower caps as this could balance out the influence of the dimension indices and help in "unbunching" values near the upper and lower limits. Resort to variable caps means, however, that the index will be "rebased" each time the prevailing cap is exceeded, causing more frequent revisions, which will have to be explained carefully to the users.

**Logarithm transformation**

20. Agrees to the application of natural logarithms in constructing dimension indices other than income, except when the indicators pertain to rates (as in the case of adult literacy). The group concurs that logarithm transformation can improve complementarities between the index dimensions and help in better reflecting diminishing returns.

**Final recommendations**

21. Recommends the reactivation of the Human Development Report Statistical Advisory Panel with appropriate representation from the official statistical community, in order to allow early and full consultations with the official statistical community during the preparation of future issues of the *Human Development Report*. The group also requests that the United Nations Development Programme continue to report at regular intervals of about three years to the Statistical Commission and, if needed, more frequently, especially when changes in the underlying data series or in the methodology for constructing the indices are being considered.

22. Appreciates the cooperation of the Human Development Report Office in the review process conducted under the auspices of the Bureau of the Statistical Commission and requests the Office to provide a response to the Bureau on the above recommendations before the manuscript of the *Human Development Report 2010* is finalized.

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**Items for discussion and decision: statistics of human development**

# Report of the United Nations Development Programme on statistics of human development

## Note by the Secretary-General

In accordance with a request of the Statistical Commission at its forty-first session (see E/2010/24, chap. I.B, decision 41/112), the Secretary-General has the honour to transmit to the Commission the report of the Human Development Report Office of the United Nations Development Programme. The Commission is invited to consider the specific points raised in the conclusions of the report (sect. VII, paras. 47 and 48).

* E/CN.3/2011/1

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# Report of the United Nations Development Programme on statistics of human development

## I. Introduction

1. The *Human Development Report*, human development indicators more generally, were previously discussed at the thirty-first (2000), thirty-second (2001), thirty-third (2002) and thirty-ninth (2008) sessions of the Statistical Commission. The present report is a follow-up to those earlier discussions, pursuant to a request of the Commission at its forty-first session (see E/2010/24, chap. I.B, decision 41/112). It provides background to the human development report, some details about measurement innovations introduced in the 2010 *Report*, and some preliminary thinking about the 2011 *Report*.

## II. Background

2. The human development report is an independent report commissioned by the United Nations Development Programme (UNDP). Since it was first introduced in 1990, the report has pushed the frontiers of development thinking, based on the message that people should be at the centre of all development endeavours. Each year, the report analyses a critical development theme from the human development perspective. The reports also contain a statistical annex of the latest human development indicators, some of which are combined in composite indices. The Human Development Index, which measures basic human development in three dimensions — longevity, knowledge and a decent standard of living — embodies the idea that human development is broader than economic growth. The Index has been the hallmark of the human development report and a major factor in its continuing success.

3. In addition to the annual global human development report, over 700 national and regional human development reports have been produced in over 140 countries since 1992, prepared by regional and national teams of experts using the data and statistics available from national statistical offices, often with the support of local UNDP country offices but, like the global reports, independently from UNDP.

4. The Human Development Report Office offers a rich Internet presentation of the 2010 *Human Development Report* with corresponding documents, background research papers, answers to frequently asked questions, country notes and a wealth of downloadable related statistical information. A tool for visualization of the trends in basic indicators is also available. The most prominent new tool, however, is version 2.0 of the Human Development Index, which allows users to build their own development index by selecting indicators, organizing them into dimensions and defining their own weights. This is a powerful research tool that enables students, researchers and practitioners to explore different possibilities for combining indicators into composite indices and thus broadens the debate on the measurement of human development.

## III. Consultations around the 2010 *Human Development Report*

5. Over the past two years, the Human Development Report Office has held an extensive series of consultations with a wide range of experts, including official statisticians and statisticians from academia, as the ideas for the revised Human Development Index were developed and the new human development measures were introduced in the 2010 *Human Development Report*. A total of 34 regional and thematic consultations were held around the world.[1] The Office has ensured that the academic advisory panel for the report includes statisticians and other members with strong quantitative backgrounds. During the course of the preparation of the 2010 *Report*, two advisory panel consultations were held.

6. In March 2010, a rich and constructive review took place when the Statistical Commission expert group on the Human Development Index met with the Human Development Report Office, and came up with a list of recommendations and conclusions that were broadly supportive of the approach laid out by the Office (see E/CN.3/2011/14, annex). Since that review, minor adjustments have been made to the calculation of the Human Development Index, as well as the calculation of the new measures for the sake of consistency.

## IV. Revisions to the Human Development Index

7. Since it was first introduced in 1990, the Human Development Index has attracted the attention of Governments, civil society organizations, researchers, the media and the general public around the world. It is widely regarded as the main alternative to measures based solely on income. At the same time however, the Index has been subject to a range of criticisms, on issues ranging from methods of index construction to the proxy indicators used to measure each dimension.

8. The Human Development Report Office used the twentieth anniversary of the Human Development Index as an opportunity to revisit past criticisms of the human development measures and improve the measures based on advances in the availability of quality data with reasonable country coverage. These revisions also took account of major recent reviews of the measurement of well-being including the report of the Commission on the Measurement of Economic Performance and Social Progress[2] and in *Beyond GDP: measuring progress, true wealth, and the well-being of nations*.[3] It should be noted that the changes introduced in 2010 are not the first revisions made to the Index — indeed there were major revisions, including the introduction of mean years of schooling as an additional measure of

[1] Between September 2008 and June 2010 34 consultations were held to help inform preparation of the 2010 *Report*, including in Brussels, Busan, Cambridge (United Kingdom), Cambridge (United States), Canberra, Geneva, Istanbul, Johannesburg, Lima, London, Melbourne, Nairobi, New Delhi, New York, Oxford, Paris, Rabat, Rio de Janeiro, Sydney and Washington, D.C., involving some 400 experts and practitioners, with the support of UNDP country and regional offices.

[2] J. Stiglitz, A. Sen and J.-P. Fitoussi, "Report by the Commission on the Measurement of Economic Performance and Social Progress". Available from www.stiglitz-sen-fitoussi.fr/en/index.htm.

[3] European Communities, *Beyond GDP: measuring progress, true wealth, and the well-being of nations: conference proceedings* (Luxembourg, Office for Official Publications of the European Communities, 2009).

knowledge in 1991, fixed goalposts in 1994 and the reintroduction of the logarithmically transformed and capped gross domestic product (GDP) in 1999. More details on the evolution of the Index are given in "Measurement of inequality in human development: a review".[4]

## A. Measure of a decent standard of living

9. The decent standard of living component of the Human Development Index was traditionally measured by GDP per capita expressed in purchasing power parity (ppp) in terms of United States dollars. However, GDP is the monetary value of goods and services produced within the borders of a country irrespective of how much is retained in the country. The Human Development Report Office adopted one of the recommendations of the recent report of the Commission on the Measurement of Economic Performance and Social Progress[5] to replace GDP per capita with gross national income (GNI) per capita.

10. GNI expresses the income accrued to residents of a country, including international flows such as remittances and aid, and excluding income generated in the country but repatriated abroad. Thus, GNI is a more adequate proxy of a country's economic welfare than GDP.

## B. Measure of knowledge

11. In recent years, the Human Development Index has measured knowledge using adult literacy rates and combined gross enrolment ratios. However, these indicators each have shortcomings. Literacy as a binary measure of knowledge is simple, but inadequate; furthermore the great progress observed in the world in terms of literacy increases has made this variable lose its capacity to differentiate among a large group of countries. The combined school enrolment ratio lacks the notion of duration of school attendance for the school age generations. These measures have been replaced with two new measures that take into account the actual and expected duration of schooling.

12. Mean years of schooling has replaced literacy rates for adults aged 25 years and older. Mean years of schooling is not always commensurate with the quality of education, but it is a better measure of a person's knowledge than adult literacy rates, which simply measure ability to read and write a short simple statement.

13. Expected years of schooling, defined as the number of years of schooling that a child of school entrance age can expect to receive, replaces the gross enrolment ratio in the Human Development Index. Higher life expectancies are associated with greater probability for children to spend more years in school, and higher overall retention within the education system. While this indicator is not without limitations (for example, it does not take into account years of repetition and therefore is not strictly comparable between countries with automatic promotion and those allowing grade repetition), it is a significant improvement over the gross enrolment ratio.

[4] M. Kovacevic, "Measurement of inequality in human development: a review", *Human Development Research* Paper No. 2010/35 (United Nations Development Programme, 2010).

## C. Changes to methodology

14. Calculation of the Human Development Index requires transforming indicators with different units of measurement into indices with a non-unitary scale between zero and one. In the past, this was done using fixed maximum and minimum goalposts; for the calculation of the revised Index, the maximum values have been set to the actual observed maxima across countries in the time series 1980 to 2010. The minimum values are set as subsistence values, or "natural" zeros. Progress is thus measured against the minimum levels of standard of living, longevity and knowledge that a society needs to survive over time. The reforms that have been made to the Index are summarized in the table below.

**Summary of 2010 reforms of the Human Development Index**

| | *Previous* | | | *2010* | | |
|---|---|---|---|---|---|---|
| | | *Transformation* | | | *Transformation* | |
| *Dimensions* | *Indicators* | *Minimum* | *Maximum* | *Indicators* | *Minimum* | *Maximum (observed values)* |
| Health | Life expectancy at birth (years) | 25 | 85 | Life expectancy at birth (years) | 20 | 83.2 |
| Knowledge | Adult literacy rate (percentage) | 0 | 100 | Expected years of schooling | 0 | 20.6 |
| | Combined gross enrolment ratio (percentage) | 0 | 100 | Mean years of schooling | 0 | 13.2 |
| Standard of living | GDP per capita (ppp US$) | 100 | 40 000 (capped) | GNI per capita (ppp US$) | 163 | 108 211 |
| Aggregation | Arithmetic mean | | | Geometric mean | | |

15. The method of aggregation of dimension indices into the Human Development Index has also changed from taking the arithmetic mean to taking the geometric mean. The rationale is to reduce the extent to which a higher achievement in one dimension can be substituted for a lower achievement in another. Taking the geometric mean rewards more balanced achievements. Several research papers produced by the Human Development Report Office analyse statistical properties of the Index and its sensitivity to methodology decisions taken.[5] Technical details for calculating the Index using the new methodology and indicators can be found in the technical notes of the 2010 *Human Development Report* (pp. 216-222), which are also to be made available to the Statistical Commission in a conference room paper.

## D. Data sources for the Human Development Index

16. The Human Development Report Office is a user of statistics and indicators rather than a data provider. The Office relies largely on other United Nations entities and international organizations to collect data from national authorities based on international definitions and standards, to verify and quality assure the raw data and to compile the statistics and indicators that are used ultimately in its reports. At the

[5] M. Kovacevic and G. Anguna, "Uncertainty and sensitivity analysis of the HDI", and F. Rodriguez and M. Kovacevic, "Refining the HDI", *Human Development Research Papers* (United Nations Development Programme, 2010).

same time, since an important role of the human development report is to push the boundaries of knowledge and innovation, this means that the Office has also made use of data series from alternative renowned sources where official statistics were not available or have not yet been developed. Important principles to which the Office adheres in data use include data reliability (figures that are implausible are not used) and public availability. The Office is very supportive of open access to data and has used this as a criterion for data use.

17. Life expectancy data used in the current Human Development Index calculation are from *World Population Prospects: the 2008 Revision*, a report that is prepared biennially by the Population Division of the Department of Economic and Social Affairs of the Secretariat using data from national vital registration systems, population censuses and surveys.

18. Education data on expected years of schooling are usually sourced from the Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization (UNESCO).

19. The GNI per capita data used to calculate the Human Development Index are derived from World Bank GNI per capita (ppp US$) data. The latest available estimates were for 2008. To compute the 2009 and 2010 GNI estimates, GDP per capita growth rates estimated by the International Monetary Fund (IMF) were applied.

20. Regrettably, no international organization currently collects data on mean years of schooling. However, such data can be readily estimated using the education information contained in the UNESCO Institute for Statistics database. These estimates have been produced by Robert Barro of Harvard University and Jong-Wha Lee of the Asian Development Bank in 1993, 1996, 2000 and 2010.[6] Their estimates apply a uniform and transparent methodology to the base data contained in the Institute for Statistics database. The method has been validated by extensive academic discussion since its first publication in 1993 and is currently used regularly by growth and development economists around the world. It is also easily replicable using the information in the database. While the Human Development Report Office recognizes that it would be desirable for the final estimates of this variable to be produced by UNESCO, it considers the use of an internationally recognized source based on official statistics as the most reasonable alternative in the absence of an official database. The Office has initiated discussions with UNESCO regarding the possibility of producing an official UNESCO estimate of mean years of schooling in the future.

21. This is not the first time that the Human Development Index has used estimates that are not generated by a international organization. Starting in 1993, the human development reports used estimates of GDP per capita adjusted by the ppp produced by the University of Pennsylvania. This was because at that time no comparable international ppp-adjusted GDP estimates were produced by the international system. In 1996, the World Bank started producing official ppp-adjusted GDP estimates, which were incorporated into the human development report. This is an example of how the Human Development Index has helped to push the frontiers of data development.

[6] R. Barro and J-W. Lee, "A new data set of educational attainment in the world, 1950-2010", Working Paper No. 15902 (Cambridge, Massachusetts, National Bureau of Economic Research, 2010).

## E. Human Development Index country coverage

22. Data availability determines Human Development Index country coverage. For the 2010 *Human Development Report*, a number of countries were missing data from international sources for one or more of the four Index components. For this reason, the Human Development Report Office was able to calculate the Index for only 169 countries and territories (168 States Members of the United Nations plus China, Hong Kong Special Administrative Region). The Federated States of Micronesia entered the Human Development Index table for the first time, while Zimbabwe re-entered the table. Antigua and Barbuda, Bhutan, Cuba, Dominica, Eritrea, Grenada, Lebanon, Oman, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Seychelles and Vanuatu were dropped from the table because of missing data.

23. In the cases of Cuba, Iraq, the Marshall Islands and Palau, data are lacking on GNI per capita in United States dollar ppp from the primary data supplier (the World Bank). Purchasing power parity values are the estimated exchange rates that are used to equalize the purchasing powers of different currencies by eliminating differences in domestic price levels. Cuba, the Marshall Islands and Palau do not participate in the International Comparison Programme surveys from which ppp estimates are derived and Iraq lacks information about GDP for the past 10 years.

24. One other institution that provides income ppp estimates is the Center for International Comparisons of Production, Income and Prices at the University of Pennsylvania. For the few countries that do not participate in the International Comparison Programme, the Center produces estimates using a regression model that relies on data from the salaries of international civil servants converted using the official exchange rate. However, because the markets in which expatriates purchase goods and services tend to be unrepresentative of the rest of the economy, these data are a weak guide to the prices faced by people in practice. The Center recognizes this problem by grading their income estimates for Cuba and Iraq, for example, as "D" (the lowest reliability grade given to its estimates). Alternative estimation procedures might have included using the exchange rate faced by ordinary Cubans and Iraqis and the ppp conversion for economies with similar attributes, but this method goes against the principle of using a country's legally recognized exchange rate and prices to convert its national aggregates to an international currency. Another option could have been not to apply any ppp correction factor to the official exchange rate for convertible pesos and dinars. Both of these options produce estimates of far lower incomes than would have resulted using the ppp correction. The very wide variation in income estimates arising from these different techniques signals that there is not a single robust method to use in the absence of reliable data.

25. A number of countries are omitted from the 2010 Human Development Index calculations because of missing non-income data. Bhutan, Eritrea, Grenada, Lebanon, Oman, Saint Lucia, Saint Vincent and the Grenadines, Samoa and Vanuatu are not included because they are missing data on mean years of schooling. Dominica, Saint Kitts and Nevis and Seychelles are missing data on life expectancy and mean years of schooling; and Antigua and Barbuda lacks data on life expectancy, mean years of schooling and expected years of schooling.

26. The Human Development Report Office is actively looking for ways to improve country coverage for 2011 and beyond by working with the relevant international organizations and authorities.

# V. Introduction of new indices

27. In the 2010 *Human Development Report*, three new measures were introduced: the inequality-adjusted Human Development Index, the gender inequality index and the multidimensional poverty index. These measures are introduced to complement the Human Development Index and address some of the limitations of the existing human development indices.

## A. Inequality-adjusted Human Development Index

28. The Human Development Index is an average measure of a country's human development achievements. Like any other average measure, the Human Development Index does not account for the distribution of achievements in its component indicators across populations. The inequality-adjusted Human Development Index adjusts the Human Development Index for inequality in the distribution of each dimension. The measure is based on a distribution-sensitive class of composite indices proposed by Foster and others,[7] which draws on the Atkinson[8] family of inequality measures, and is detailed by Alkire and Foster.[9] The inequality-adjusted Index is computed as a geometric mean of geometric means, calculated across the population for each dimension separately. It accounts for inequalities in Human Development Index dimensions by "discounting" each dimension's average value by the level of inequality. The inequality-adjusted Index is equal to the Human Development Index when there is no inequality across people, but falls below the Human Development Index with rising inequality in the distribution across dimensions. The difference between the Human Development Index and the inequality-adjusted Index represents the loss in potential human development due to inequality, and can be expressed as a percentage.

29. The inequality-adjusted Human Development Index satisfies two desirable statistical properties. Firstly, the measure is consistent in the treatment of subgroups. This means that improvements or deteriorations in the distribution of human development within a certain group in society (while human development remains constant in the other groups) will be reflected in changes in the overall measure of human development. Secondly, the index is path independent, meaning that the order in which data are aggregated across individuals, or groups of individuals, and across dimensions yields the same result; there is no need for a particular sequence or a single data source. These properties allow for estimation of the inequality-adjusted Index by combining data from different sources for a large number of countries. Inequality in expected length of life is captured from the United Nations life tables, while inequality in education and income is estimated from nationally representative household surveys available from specialized international organizations (the World Bank, IMF, UNESCO, the United Nations Children's Fund

[7] J. Foster, L. López-Calva and M. Székely, "Measuring the distribution of human development: methodology and an application to Mexico", *Journal of Human Development and Capabilities*, vol. 6, No. 1 (2005), pp. 5-25.

[8] A. Atkinson, "On the measurement of inequality", *Journal of Economic Theory*, vol. 2, No. 3 (1970), pp. 244-263.

[9] S. Alkire and J. Foster, "Designing the inequality-adjusted Human Development Index (IHDI)", *Human Development Research* Paper No. 2010/28 (United Nations Development Programme, 2010).

(UNICEF), the World Health Organization (WHO), the Department of Economic and Social Affairs of the United Nations Secretariat, etc.). Details on the calculation of the inequality-adjusted Index are included in the conference room paper containing the technical notes of the 2010 *Human Development Report*.

## B. Gender inequality index

30. The gender inequality index reflects gender differences in three dimensions: reproductive health, empowerment, and labour market engagement. The index shows the loss in these dimensions due to disparity between female and male achievements in the dimensions. It varies between zero, when women and men fare equally, and one, when one sex fares as poorly as possible in all three dimensions.

31. The gender inequality index is computed using the association-sensitive inequality measure suggested by Seth.[10] The index is based on the general mean of general means of different orders: the first aggregation is by the geometric mean across dimensions; these means, calculated separately for women and men, are then aggregated using the harmonic mean across genders. Using the harmonic mean of geometric means within groups captures the inequality between women and men and adjusts for association between dimensions, that is, it also accounts for the overlapping deprivations across dimensions of a gender. Issues related to gender disparities and the gender inequality index are thoroughly reviewed in Klugman and other.[11] Details on the gender inequality index calculation are included in the conference room paper containing the technical notes of the 2010 *Human Development Report*.

32. The gender inequality index replaces the two gender measures used since 1995: the gender related development index, which adjusts the Human Development Index for gender inequalities in each dimension; and the gender empowerment measure, which measures equity between the sexes in political and economic participation and in decision-making power. The measures have been criticized for both conceptual and methodological flaws.

## C. Multidimensional poverty index

33. The human poverty index, introduced in 1997, measured multiple deprivations in some key aspects of human development. However, the human poverty index suffers a fundamental flaw that reduces its policy relevance: the measure cannot be linked to specific subgroups of people who are deprived in multiple dimensions because it aggregates average deprivation levels for each dimension. In other words, a country's human poverty index value includes those individuals deprived in all the dimensions, as well as those deprived in only one or two dimensions. To address this problem, the Human Development Report Office collaborated with the Oxford Poverty and Human Development Initiative to construct a multidimensional poverty index and the associated poverty headcount and intensity of deprivation measure.

[10] S. Seth, "Inequality, interactions, and human development", *Journal of Human Development and Capabilities*, vol. 10, No. 3 (2009), pp. 375-396.

[11] J. Klugman and others, "Measuring key disparities in human development: the gender inequality index", Human Development Research Paper (United Nations Development Programme, 2010).

34. The multidimensional poverty index identifies those individuals that suffer multiple deprivations in the same dimensions as the Human Development Index: education, health and living standards. It uses microdata from nationally representative household surveys available from specialized international organizations (the UNICEF Multiple Indicator Cluster Survey, the United States Agency for International Development Demographic and Health Survey, the WHO World Health Survey and the World Bank Living Standard Measurement Survey).

35. The education dimension consists of two indicators of deprivation: not having any household member who has completed five years of schooling; and having at least one school-age child (up to grade 8) who is not attending school. The deprivation in health dimension is measured by two indicators: having at least one household member who is malnourished; and having had one or more children die in the household. The standard of living deprivations are expressed by five indicators: not having electricity; not having access to clean drinking water; not having access to adequate sanitation; using "dirty" cooking fuel (dung, wood or charcoal); having a home with a dirt floor; and not having certain assets. The three dimensions are equally weighted and the multiple indicators within dimensions are also equally weighted.

36. To identify the multidimensionally poor, deprivation scores (the maximum score for each of the three dimensions is 3.33 for a total maximum deprivation score of 10) for each of the three dimensions are summed to obtain the household deprivation score. The cut-off for a household and its members to be classified as multidimensionally poor is a deprivation score of 3.

37. There are three multidimensional poverty measures: the headcount ratio or the multidimensional poverty rate, which is the number of individuals who suffer multiple deprivations in at least one third of the weighted indicators, divided by the total population and expressed as a percentage; the intensity or breadth of deprivation, which is the average number of weighted indicators in which the multidimensional poor are deprived; and the multidimensional poverty index itself, which reflects both the prevalence of multidimensional deprivation and its intensity. A good review of strengths and limitations of the method is given in Alkire.[12] Details on the calculation are included in the conference room paper containing the technical notes of the 2010 *Human Development Report*.

## D. Data sources for the new indices

38. Two of the new experimental composite indices that capture inequality and poverty, introduced this year, rely on microdata available from internationally harmonized nationally representative household surveys. These powerful indices also promote the need for new, internationally comparable, statistical series. A key recommendation arising from the 2010 *Human Development Report* is the need to develop new data series and to encourage countries to extend the range and type of data available, especially through regular household surveys.

39. Data used to calculate the inequality-adjusted Human Development Index are from various sources. To assess inequality in the distribution of mean years of

[12] S. Alkire, "Multidimensional poverty and its discontents", *working paper* (Oxford Poverty and Human Development Initiative, 2010).

schooling and income, microdata from household surveys were used. These surveys were those harmonized in international databases such as the Organization for Economic Cooperation and Development Luxembourg Income Study, the Eurostat European Union Statistics on Income and Living Conditions, the World Bank International Income Distribution Database, the UNICEF Multiple Indicator Cluster Survey, the MEASURE DHS Demographic and Health Surveys, the WHO World Health Survey and the United Nations University World Income Inequality Database. To calculate inequality in the distribution of life expectancy at birth, data from the abridged life tables produced by the Population Division of the Department of Economic and Social Affairs were used. This distribution is available across age intervals (0-1, 1-5, 5-10 and up to 85+), with the mortality rates and average age at death specified for each interval.

40. Gender inequality index calculations rely on women's reproductive health data from the UNICEF publication *State of the World's Children* and the United Nations publication *World Population Prospects: the 2008 Revision*. Data on education attainment by gender are taken from Barro and Lee.[13] The shares of parliamentary seats held by males and females are from the Inter-Parliamentary Union publication *Women in Parliaments: World and Regional Averages*. Finally, labour force participation rates for males and females are obtained from the International Labour Organization LABORSTA database.

41. The multidimensional poverty index is calculated using microdata from various nationally representative household surveys conducted between 2000 and 2008 and available in international harmonized databases (MEASURE DHS, Demographic and Health Surveys, UNICEF Multiple Indicator Cluster Survey, and WHO World Health Survey).

42. The major limitation of the new indices comes from the microdata, which are sparsely available in internationally harmonized databases. They cover different years for different countries ranging over the period of 15 years. The most recent surveys that are available for some countries are from 2007, but there are still many countries for which the latest available microdata refer to years before 2000. Even if poverty and inequality do not change rapidly over time, the differences in years limit the international comparability of the data. For this reason the Human Development Report Office has not ranked countries for the new indices, but rather simply reported a specific value, associated with the year in which the data are available.

## VI. 2011 *Human Development Report*

43. The 2011 *Human Development Report* will deal with the challenges to human development that come from unsustainability. It will propose a broad framework for thinking about the major threats to future sustainability, based on empirical evidence about their relative importance, and explore what a human development lens can add to understanding the way in which these threats can impede future human development — and what can be done about it. Following the 2002 Johannesburg Declaration on Sustainable Development, it will classify these threats under three broad headings: environment, economic and social, which correspond to the

[13] Barro and Lee, "A new data set".

mutually reinforcing pillars of sustainable development identified in the Declaration.

44. The 2011 *Human Development Report* will focus on the way in which inequality and unsustainability mutually reinforce each other and threaten human development. It will argue that inequality and unsustainability are two sides of the same coin: inequitable access to resources by people today and by people belonging to different generations. It will argue that inequality, by concentrating the command of resources in very few hands, is often associated with a lack of accountability that leads to unsustainable outcomes.

45. On the measurement side, the 2011 *Human Development Report* will explore different alternative measures to capture the sustainability of human development. The 2010 *Human Development Report* already introduced a new table of sustainability indicators, which includes measures such as adjusted net savings, the ecological footprint and carbon dioxide emissions. The Human Development Report Office is considering the feasibility of a new measure of sustainability in human development. However, given the severity of measurement problems and difficulties in reaching consensus about technical and normative issues related to the measurement of sustainability, it is highly likely that the 2011 *Human Development Report* will continue to present a "dashboard" of indicators of sustainability and vulnerability.

46. In order to inform and support its work, the Human Development Report Office would like to suggest scheduling a meeting with the Statistical Commission expert group in March to discuss possible advances in measurement related to the 2011 *Human Development Report*.

## VII. Conclusion

47. Just as the human development indices have been evolving over the years, the Human Development Report Office intends to refine these measures as more quality data become available. The Statistical Commission is invited to comment on the new measures and to advise on future directions for the measures.

48. A key recommendation arising from the report this year is the need to develop new data series and to encourage countries to extend the range and type of data available, especially through more regular internationally harmonized household surveys. The Human Development Report Office would welcome opportunities to work with the Statistical Commission to promote such developments.

49. In summary, the Human Development Report Office has responded to all the specific proposals of the expert group, especially to the concerns about using official statistical series, the minimal use of supplementary series (e.g., use of mean years of schooling from a reputed source), providing full transparency about the data sources and estimation procedures, conducting advance consultations with country experts on data issues and estimation methods, and extending the advisory panel with statistical experts comprising theoreticians and practitioners.